

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

|  |                                       |   |                 |
|--|---------------------------------------|---|-----------------|
| Local Unit of Government Type<br><input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other |                                       | Local Unit Name<br>Iosco County                               | County<br>Iosco |
| Fiscal Year End<br>December 31, 2006   | Opinion Date<br><b>APRIL 17, 2007</b> | Date Audit Report Submitted to State<br><b>APRIL 20, 2007</b> |                 |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

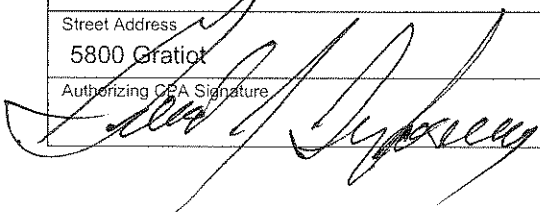
YES  
NO

**Check each applicable box below. (See instructions for further detail.)**

1. ☐ ☒ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

|   |                                     |  |                              |
|---|-------------------------------------|--|------------------------------|
| <b>We have enclosed the following:</b>  | Enclosed                            | Not Required (enter a brief justification) |                              |
| Financial Statements  | <input checked="" type="checkbox"/> |  |                              |
| The letter of Comments and Recommendations  | <input checked="" type="checkbox"/> |  |                              |
| Other (Describe)  | <input checked="" type="checkbox"/> | Single audit report                        |                              |
| Certified Public Accountant (Firm Name)<br>Rehmann Robson   |                                     | Telephone Number<br>989-799-9580           |                              |
| Street Address<br>5800 Gratiot  |                                     | City<br>Saginaw                            | State<br>MI                  |
| Zip<br>48605  |                                     |  |                              |
| Authorizing CPA Signature<br> |                                     | Printed Name<br>Gerald Deslover            | License Number<br>1101007126 |

# Iosco County

Tawas City, Michigan



Financial Statements

Year Ended December 31, 2006

# IOSCO COUNTY, MICHIGAN

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## INDEPENDENT AUDITORS' REPORT

April 17, 2007

Board of Commissioners  
Iosco County, Michigan  
Tawas City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Iosco County, Michigan***, as of and for the year ended December 31, 2006, which collectively comprise the financial statements of the County's primary government as listed in the table of contents. These financial statements are the responsibility of ***Iosco County, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Medical Care Facility, which is a major enterprise fund, and therefore a separate opinion unit. In addition, the Medical Care Facility represents 54% and 96% of the business-type activity assets and program revenues, respectively. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the amount that would have been reported as assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units

is unknown. In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component units of ***Iosco County, Michigan***, or the changes in financial position thereof for the year then ended.

Further in our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government of ***Iosco County, Michigan***, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General Fund, Ambulance Service Fund, Revenue Sharing Reserve Fund, and EDC Grant Revolving Loan Fund, for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2007, on our consideration of ***Iosco County, Michigan***'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3-7, is not a required part of the basic financial statements of the primary government but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ***Iosco County, Michigan***'s primary government financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133 are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects in relation to the financial statements of the primary government taken as a whole.

A handwritten signature in cursive script, reading "Lehmann Johnson".

**IOSCO COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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**CONCEPTUAL INFORMATION ABOUT THE COUNTY'S FINANCIAL STATEMENTS**

The adoption of Governmental Accounting Standards Board Statement Number 34 (GASB 34) changes the format for presentation of Iosco County's annual audit. The primary government is presented in two categories, governmental activities and business-type activities. Governmental activities consolidate all general and other governmental funds. This reflects Iosco County as a whole that is inclusive of all general operating and special revenue, debt service, and capital project funds. Business-type activities are limited to the Department of Public Works, Medical Care Facility and the County's Revolving Delinquent Tax Fund. As the audit progresses, these categories are presented as individual funds indicating separate fund activities that make up the total governmental and business type presentation. The statement of net assets again under governmental activities gives you a combined County total of assets net of debt with the difference being a reflection of equity or net assets. Iosco County elected to adopt a \$5,000 threshold for capitalizing assets. Those assets at a cost of less than \$5,000 are expensed in the year purchased. Iosco County capital assets may be found in the notes to financial statement section of the audit.

**FINANCIAL HIGHLIGHTS**

The assets of the County Primary Government exceeded its liabilities at the close of the most recent fiscal year by \$22,790,852 (net assets). This is an increase of \$1,673,552 over 2005 and indicates continued investment in capital assets. Of the total net assets in 2006, \$17,389,092 is unrestricted net assets needed to meet the government's ongoing obligations to citizens.

As of the close of the 2006 fiscal year, the County's governmental funds (this includes the general fund, special revenue, debt service and capital project funds) reported ending fund balances of \$8,639,899, an increase of \$1,361,802 in comparison over 2005. The County's general fund balance for 2006 decreased by \$159,195 to a year end balance of \$119,892 or 1.9% of actual general fund expenditures. The continued decrease in general fund balance can be attributed to decreasing departmental revenues related to economic conditions. Actual expenditures for 2006 were very close to the budgeted bottom end total.



Following is Iosco County's net assets and changes in net assets comparing the current 2006 year to the prior year.

### IOSCO COUNTY'S NET ASSETS

|  | <u>Governmental Activities</u> |                             | <u>Business-type Activities</u> |                             | <u>Total</u>               |                             |
|--|--------------------------------|-----------------------------|---------------------------------|-----------------------------|----------------------------|-----------------------------|
|  | <u>2005</u>                    | <u>2006</u>                 | <u>2005</u>                     | <u>2006</u>                 | <u>2005</u>                | <u>2006</u>                 |
| Current and other assets                           | \$ 12,717,012                  | \$ 12,637,312               | \$11,947,757                    | \$ 13,550,509               | \$24,664,769               | \$ 26,187,821               |
| Capital assets                                     | <u>3,644,853</u>               | <u>3,492,851</u>            | <u>6,554,065</u>                | <u>4,690,181</u>            | <u>10,198,918</u>          | <u>8,183,032</u>            |
| Total assets                                       | <u>16,361,865</u>              | <u>16,130,163</u>           | <u>18,501,822</u>               | <u>18,240,690</u>           | <u>34,863,687</u>          | <u>34,370,853</u>           |
| Long-term liabilities                              |                                |                             |                                 |                             |                            |                             |
| outstanding  | 4,251,417                      | 4,263,311                   | 6,255,000                       | 5,034,000                   | 10,506,417                 | 9,297,311                   |
| Other liabilities                                  | <u>2,015,837</u>               | <u>1,084,262</u>            | <u>1,107,867</u>                | <u>1,198,428</u>            | <u>3,123,704</u>           | <u>2,282,690</u>            |
| Total liabilities                                  | <u>6,267,254</u>               | <u>5,347,573</u>            | <u>7,362,867</u>                | <u>6,232,428</u>            | <u>13,630,121</u>          | <u>11,580,001</u>           |
| Net assets   |                                |                             |                                 |                             |                            |                             |
| Invested in capital assets,<br>net of related debt | 2,964,898                      | 116,615                     | 4,799,454                       | 4,799,454                   | 7,425,178                  | 4,916,069                   |
| Restricted   | 279,460                        | 485,691                     | -                               | -                           | 279,460                    | 485,691                     |
| Unrestricted                                       | <u>6,850,253</u>               | <u>10,180,284</u>           | <u>6,339,501</u>                | <u>7,208,808</u>            | <u>13,528,928</u>          | <u>17,389,092</u>           |
| <b>Total net assets</b>                            | <b><u>\$ 10,094,611</u></b>    | <b><u>\$ 10,782,590</u></b> | <b><u>\$11,138,955</u></b>      | <b><u>\$ 12,008,262</u></b> | <b><u>\$21,233,566</u></b> | <b><u>\$ 22,790,852</u></b> |

## IOSCO COUNTY'S CHANGE IN NET ASSETS

|  | <u>Governmental Activities</u> |                     | <u>Business-type Activities</u> |                     | <u>Total</u>        |                     |
|--|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
|  | <u>2005</u>                    | <u>2006</u>         | <u>2005</u>                     | <u>2006</u>         | <u>2005</u>         | <u>2006</u>         |
| <b>Revenues</b>  |                                |                     |                                 |                     |                     |                     |
| Program revenues   |                                |                     |                                 |                     |                     |                     |
| Charges for services   | \$ 4,513,824                   | \$ 4,399,814        | \$ 5,025,825                    | \$ 6,447,961        | \$ 9,539,649        | \$ 10,847,775       |
| Operating grants and contributions                           | 1,872,126                      | 1,820,186           | 474,799                         | 394,694             | 2,346,925           | 2,214,880           |
| Capital grants and contributions                             | -                              | 13,954              | 296,025                         | -                   | 296,025             | 13,954              |
| General revenues   |                                |                     |                                 |                     |                     |                     |
| Property taxes   | 5,635,963                      | 5,264,226           | 408,391                         | 427,584             | 6,044,354           | 5,691,810           |
| Grants and contributions not restricted to specific programs | 99,234                         | 75,870              | -                               | -                   | 99,234              | 75,870              |
| Unrestricted investment earnings                             | <u>137,650</u>                 | <u>241,312</u>      | <u>112,195</u>                  | <u>212,761</u>      | <u>249,845</u>      | <u>454,073</u>      |
| Total revenues   | 12,258,797                     | 11,815,362          | 6,317,235                       | 7,483,000           | 18,576,032          | 19,298,362          |
| <b>Expenses</b>  |                                |                     |                                 |                     |                     |                     |
| Legislative  | 116,899                        | 103,075             | -                               | -                   | 116,899             | 103,075             |
| Judicial   | 2,060,289                      | 1,869,252           | -                               | -                   | 2,060,289           | 1,869,252           |
| General government   | 3,147,145                      | 3,196,737           | -                               | -                   | 3,147,145           | 3,196,737           |
| Public safety  | 3,252,253                      | 2,721,930           | -                               | -                   | 3,252,253           | 2,721,930           |
| Public works   | 213                            | 29,351              | -                               | -                   | 213                 | 29,351              |
| Health and welfare   | 2,865,354                      | 2,919,358           | -                               | -                   | 2,865,354           | 2,919,358           |
| Culture and recreation                                       | 55,945                         | 84,060              | -                               | -                   | 55,945              | 84,060              |
| Interest on debt   | 186,553                        | 181,597             | -                               | -                   | 186,553             | 181,597             |
| Department of Public works                                   | -                              | -                   | 665,098                         | 294,055             | 665,098             | 294,055             |
| Delinquent tax revolving                                     | -                              | -                   | 31,453                          | 78,807              | 31,453              | 78,807              |
| Medical Care Facility  | <u>-</u>                       | <u>-</u>            | <u>5,577,517</u>                | <u>6,146,588</u>    | <u>5,577,517</u>    | <u>6,146,588</u>    |
| Total expenses   | <u>11,684,651</u>              | <u>11,105,360</u>   | <u>6,274,068</u>                | <u>6,519,450</u>    | <u>17,958,719</u>   | <u>17,624,810</u>   |
| Increase in net assets before transfers                      | 574,146                        | 710,002             | 43,167                          | 963,550             | 617,313             | 1,673,552           |
| Transfers  | <u>407,260</u>                 | <u>93,517</u>       | <u>(407,260)</u>                | <u>(93,517)</u>     | <u>-</u>            | <u>-</u>            |
| Increase (decrease) in net assets                            | 981,406                        | 803,519             | (364,093)                       | 870,033             | 617,313             | 1,673,552           |
| Net assets, beginning of year, restated                      | <u>9,113,205</u>               | <u>9,979,071</u>    | <u>11,503,048</u>               | <u>11,138,229</u>   | <u>20,616,253</u>   | <u>21,117,300</u>   |
| Net assets, end of year                                      | <u>\$10,094,611</u>            | <u>\$10,782,590</u> | <u>\$11,138,955</u>             | <u>\$12,008,262</u> | <u>\$21,233,566</u> | <u>\$22,790,852</u> |

The reasons for the most significant changes from prior year to current year are because of the follow occurrences:

- Charges for services increased approximately \$1.4 million because of Medical Care Facility activity.
- Property taxes decreased \$400,000 because of the delinquency of tax collections.

### **FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The County general fund balance decreased by \$159,195 in 2006. This is not the result of spending over budget but rather due to budgeted revenue coming in under budget. Some departments are experiencing decreased revenues associated with economic conditions such as the housing market. The largest shortfall in revenue for 2006 was in property tax. The reason for the shortfall is due to the state plan to replace revenue sharing by advancing County operating taxes from one year in arrears to one year in advance. During 2006, two-thirds of county operating taxes were billed in July and one-third in December. The uncollected taxes \$167,488 will become 2007 tax revenue and with the entire County operating taxes being billed in July could have a positive impact on budgeted tax revenue for the 2007 fiscal year.

The ambulance service fund balance decreased \$39,238 in 2006. This is the result of the County not levying a property tax for ambulance service.

The EDC grant revolving loan fund balance increased \$719,520 in 2006. This is the result of repayments of loans.

### **CAPITAL ASSETS**

The County's investment in capital assets for its governmental activities as of 12/31/06 amounted to \$3,492,851 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The change in net capital assets for 2006 decreased by \$152,002. Iosco County adopted a capitalization threshold of \$5,000 or more. Investments in assets less than \$5,000 are expensed in the fiscal year acquired. Additional information on the County's capital assets can be found in Note III.C. to the financial statements.

### **LONG-TERM DEBT**

Iosco County long-term debt is divided into two categories. Governmental activity accounts for the voted debt issue that funded the renovation of the Medical Care Facility and combines net pension obligations, capital leases, and accumulated sick and vacation time. The ending balance of \$4,263,311 is \$106,043 less than the 2005 ending balance. Business-type activity combines general obligation bonds issued with the full faith and credit of Iosco County. These long-term bonds support water and sewer projects for a number of cities and townships throughout Iosco County. The ending balance for 2006 was \$5,034,000 which indicates a reduction of \$1,221,000

when compared to the 2005 ending balance. This was due to the early pay-off of the triple water project of East Tawas, Tawas City, and Baldwin Township.

### **IOSCO COUNTY'S FINANCIAL FUTURE**

Property tax collection for County operating will be taxed in advance rather than in arrears starting with the July tax bill in 2007. The three year phase required the establishment of a Revenue Sharing Reserve Fund, from which the County is allowed to draw annually an amount equivalent to State Revenue Sharing payments. This mandated change creates two very significant challenges for Iosco County.

- 1) The current balance in the Revenue Sharing Reserve Fund is \$2,525,143, and will last for four years. Commencing with the 2012 fiscal year the County will face an annual reduction of \$500,000 in revenue with no guarantee the Revenue Sharing will be replaced.
- 2) All of the County operating millage for the 2007 fiscal year will be billed in July. The general fund balance at year end December 31, 2006, was not at a level sufficient to maintain operating costs until July and \$500,000 was transferred in from unrestricted reserves to create a necessary fund balance.

Commissioners are aware of the financial challenges facing the County in future years. Annual revenues have to exceed expenditures whereby the fund balance increases to a level recommended by auditors.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of Iosco County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Iosco County Treasurer, P.O. Box 538, Tawas City, Michigan 48764-0538.

# **FINANCIAL STATEMENTS**

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

|   | Primary Government   |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | Governmental         | Business-type        |                      |
|   | Activities           | Activities           | Total                |
| <b>Assets</b>                                   |                      |                      |                      |
| Cash and cash equivalents                       | \$ 7,197,368         | \$ 5,622,968         | \$ 12,820,336        |
| Investments                                     | 80,000               | -                    | 80,000               |
| Accounts receivable                             | 5,283,361            | 6,498,078            | 11,781,439           |
| Advance to component units                      | 67,000               | -                    | 67,000               |
| Prepaid items and other assets                  | 9,583                | 121,437              | 131,020              |
| Restricted cash                                 | -                    | 1,308,026            | 1,308,026            |
| Capital assets, net:                            |                      |                      |                      |
| Assets not being depreciated                    | 263,506              | 153,792              | 417,298              |
| Assets being depreciated                        | 3,229,345            | 4,536,389            | 7,765,734            |
| <b>Total assets</b>                             | <b>16,130,163</b>    | <b>18,240,690</b>    | <b>34,370,853</b>    |
| <b>Liabilities</b>                              |                      |                      |                      |
| Accounts payable                                | 232,897              | 301,416              | 534,313              |
| Accrued liabilities                             | 83,622               | 403,185              | 486,807              |
| Unearned revenue                                | 755,040              | 477,500              | 1,232,540            |
| Interest payable                                | 12,703               | 16,327               | 29,030               |
| Noncurrent liabilities:                         |                      |                      |                      |
| Due within one year                             | 517,813              | 782,000              | 1,299,813            |
| Due in more than one year                       | 3,745,498            | 4,252,000            | 7,997,498            |
| <b>Total liabilities</b>                        | <b>5,347,573</b>     | <b>6,232,428</b>     | <b>11,580,001</b>    |
| <b>Net Assets</b>                               |                      |                      |                      |
| Invested in capital assets, net of related debt | 116,615              | 4,799,454            | 4,916,069            |
| Restricted for:                                 |                      |                      |                      |
| Debt service                                    | 433,202              | -                    | 433,202              |
| Other purposes                                  | 52,489               | -                    | 52,489               |
| Unrestricted                                    | 10,180,284           | 7,208,808            | 17,389,092           |
| <b>Total net assets</b>                         | <b>\$ 10,782,590</b> | <b>\$ 12,008,262</b> | <b>\$ 22,790,852</b> |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

| Functions / Programs           | Expenses             | Program Revenues        |  | Net (Expense)<br>Revenue               |
|--------------------------------|----------------------|-------------------------|--|--|
|                                |                      | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| Primary government             |                      |                         |  |  |
| Governmental activities:       |                      |                         |  |  |
| Legislative                    | \$ 103,075           | \$ -                    | \$ -                                     | \$ -                                   |
| Judicial                       | 1,869,252            | 924,308                 | 430,756                                  | -                                      |
| General government             | 3,196,737            | 955,774                 | 713,199                                  | -                                      |
| Public safety                  | 2,721,930            | 986,152                 | 138,062                                  | -                                      |
| Public works                   | 29,351               | -                       | 29,140                                   | -                                      |
| Health and welfare             | 2,919,358            | 1,529,658               | 459,686                                  | -                                      |
| Culture and recreation         | 84,060               | 3,922                   | 27,664                                   | 13,954                                 |
| Interest on debt               | 181,597              | -                       | 21,679                                   | -                                      |
| Total governmental activities  | <u>11,105,360</u>    | <u>4,399,814</u>        | <u>1,820,186</u>                         | <u>13,954</u>                          |
| Business-type activities:      |                      |                         |  |  |
| Department of public works     | 294,055              | -                       | 270,229                                  | -                                      |
| Delinquent tax revolving       | 78,807               | 369,704                 | -  | -                                      |
| Medical Care Facility          | 6,146,588            | 6,078,257               | 124,465                                  | -                                      |
| Total business-type activities | <u>6,519,450</u>     | <u>6,447,961</u>        | <u>394,694</u>                           | <u>-</u>                               |
| Total primary government       | <u>\$ 17,624,810</u> | <u>\$ 10,847,775</u>    | <u>\$ 2,214,880</u>                      | <u>\$ 13,954</u>                       |

continued...

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF ACTIVITIES (CONCLUDED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

| Functions/Programs  | Primary Government         |                             |                |
|---|----------------------------|-----------------------------|----------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total          |
| Changes in net assets   |                            |                             |                |
| Net (expense) revenue   | \$ (4,871,406)             | \$ 323,205                  | \$ (4,548,201) |
| General revenues:   |                            |                             |                |
| Property taxes  | 5,264,226                  | 427,584                     | 5,691,810      |
| Grants and contributions not restricted<br>to specific programs | 75,870                     | -                           | 75,870         |
| Unrestricted investment earnings                                | 241,312                    | 212,761                     | 454,073        |
| Transfers - internal activities                                 | 93,517                     | (93,517)                    | -              |
| Total general revenues<br>and transfers                         | 5,674,925                  | 546,828                     | 6,221,753      |
| Change in net assets  | 803,519                    | 870,033                     | 1,673,552      |
| Net assets, beginning of year, as restated                      | 9,979,071                  | 11,138,229                  | 21,117,300     |
| Net assets, end of year   | \$ 10,782,590              | \$ 12,008,262               | \$ 22,790,852  |

The accompanying notes are an integral part of these financial statements.



**IOSCO COUNTY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

|  | GENERAL             | AMBULANCE<br>SERVICE<br>FUND | REVENUE<br>SHARING<br>RESERVE FUND |
|--|---------------------|------------------------------|------------------------------------|
| <u>ASSETS</u>                            |                     |                              |                                    |
| Cash and cash equivalents                | \$ 249,036          | \$ 1,605,718                 | \$ 1,292,775                       |
| Investments                              | -                   | -                            | -                                  |
| Taxes receivable                         | 1,484,569           | -                            | -                                  |
| Loans receivable                         | -                   | -                            | -                                  |
| Interest receivable                      | 215                 | -                            | -                                  |
| Accounts receivable                      | 11,598              | 1,102,294                    | -                                  |
| Allowance for doubtful accounts          | -                   | (843,957)                    | -                                  |
| Due from other funds                     | -                   | -                            | 1,232,368                          |
| Due from State                           | 73,326              | -                            | -                                  |
| Prepaid expenditures                     | 2,083               | -                            | -                                  |
| Advance to component units               | 67,000              | -                            | -                                  |
| <u>TOTAL ASSETS</u>                      | <u>\$ 1,887,827</u> | <u>\$ 1,864,055</u>          | <u>\$ 2,525,143</u>                |
| <u>LIABILITIES AND FUND EQUITY</u>       |                     |                              |                                    |
| LIABILITIES                              |                     |                              |                                    |
| Accounts payable                         | \$ 72,093           | \$ 74,976                    | \$ -                               |
| Accrued liabilities and advances         | 46,133              | 16,161                       | -                                  |
| Due to other funds                       | 1,253,160           | -                            | -                                  |
| Deferred revenue                         | 396,549             | -                            | -                                  |
| <u>TOTAL LIABILITIES</u>                 | <u>1,767,935</u>    | <u>91,137</u>                | <u>-</u>                           |
| FUND EQUITY                              |                     |                              |                                    |
| Fund balances:                           |                     |                              |                                    |
| Reserved for:                            |                     |                              |                                    |
| Advances to component units              | 67,000              | -                            | -                                  |
| Prepaid items                            | 2,083               | -                            | -                                  |
| Debt service                             | -                   | -                            | -                                  |
| Restricted contributions                 | -                   | -                            | -                                  |
| Unreserved - undesignated, reported in:  |                     |                              |                                    |
| General fund                             | 50,809              | -                            | -                                  |
| Special revenue funds                    | -                   | 1,772,918                    | 2,525,143                          |
| <u>TOTAL FUND EQUITY</u>                 | <u>119,892</u>      | <u>1,772,918</u>             | <u>2,525,143</u>                   |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$ 1,887,827</u> | <u>\$ 1,864,055</u>          | <u>\$ 2,525,143</u>                |

The accompanying notes are an integral part of these financial statements.

| EDC GRANT<br>REVOLVING<br>LOAN FUND | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL                |
|-------------------------------------|--------------------------------|----------------------|
| \$ 1,077,148                        | \$ 2,872,783                   | \$ 7,097,460         |
| -                                   | 80,000                         | 80,000               |
| -                                   | 348,963                        | 1,833,532            |
| 2,445,649                           | 380,297                        | 2,825,946            |
| -                                   | 2,929                          | 3,144                |
| -                                   | 74,947                         | 1,188,839            |
| -                                   | -                              | (843,957)            |
| -                                   | 170,485                        | 1,402,853            |
| -                                   | 202,531                        | 275,857              |
| -                                   | 7,500                          | 9,583                |
| -                                   | -                              | 67,000               |
| <u>\$ 3,522,797</u>                 | <u>\$ 4,140,435</u>            | <u>\$ 13,940,257</u> |

|                     |                     |                      |
|---------------------|---------------------|----------------------|
| \$ 20,568           | \$ 65,260           | \$ 232,897           |
| -                   | 21,328              | 83,622               |
| -                   | 149,693             | 1,402,853            |
| 2,445,649           | 738,788             | 3,580,986            |
| <u>2,466,217</u>    | <u>975,069</u>      | <u>5,300,358</u>     |
| -                   | -                   | 67,000               |
| -                   | 7,500               | 9,583                |
| -                   | 433,202             | 433,202              |
| -                   | 44,989              | 44,989               |
| -                   | -                   | 50,809               |
| <u>1,056,580</u>    | <u>2,679,675</u>    | <u>8,034,316</u>     |
| <u>1,056,580</u>    | <u>3,165,366</u>    | <u>8,639,899</u>     |
| <u>\$ 3,522,797</u> | <u>\$ 4,140,435</u> | <u>\$ 13,940,257</u> |

**IOSCO COUNTY, MICHIGAN**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

|  |    |           |
|--|----|-----------|
| Fund balances - total governmental funds | \$ | 8,639,899 |
|--|----|-----------|

Amounts reported for governmental activities in the statement of net assets are different because:

|  |  |           |
|--|--|-----------|
| Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds. |  | 3,492,851 |
|--|--|-----------|

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

|   |  |           |
|---|--|-----------|
| Add: deferred revenues for loans receivable |  | 2,825,887 |
|---|--|-----------|

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

|  |  |             |
|--|--|-------------|
| Subtract: bonds payable/capital leases |  | (3,376,236) |
| Subtract: accrued interest payable     |  | (12,703)    |
| Subtract: compensated absences         |  | (340,877)   |
| Subtract: net pension obligation       |  | (546,198)   |

|   |  |        |
|---|--|--------|
| Elimination of Internal Service Fund activities |  | 99,967 |
|---|--|--------|

|                                       |    |            |
|---------------------------------------|----|------------|
| Net assets of governmental activities | \$ | 10,782,590 |
|---------------------------------------|----|------------|

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | GENERAL           | AMBULANCE<br>SERVICE<br>FUND | REVENUE<br>SHARING<br>RESERVE FUND |
|--|-------------------|------------------------------|------------------------------------|
| REVENUES   |                   |                              |                                    |
| Taxes  | \$ 3,707,512      | \$ 107                       | \$ 1,232,368                       |
| Licenses and permits                             | 15,516            | -                            | -                                  |
| Intergovernmental:                               |                   |                              |                                    |
| Federal grants                                   | 273,126           | -                            | -                                  |
| State grants                                     | 535,533           | -                            | -                                  |
| Contributions from local units                   | -                 | -                            | -                                  |
| Charges for services                             | 1,100,927         | 1,253,275                    | -                                  |
| Fines and forfeits                               | 69,928            | -                            | -                                  |
| Interest   | 80,670            | 65,919                       | 42,647                             |
| Reimbursements and refunds                       | 287,515           | -                            | -                                  |
| Recovery of bad debt                             | -                 | 93,921                       | -                                  |
| Other  | 1,842             | 22,941                       | -                                  |
| <b>TOTAL REVENUES</b>                            | <b>6,072,569</b>  | <b>1,436,163</b>             | <b>1,275,015</b>                   |
| EXPENDITURES                                     |                   |                              |                                    |
| Legislative                                      | 102,462           | -                            | -                                  |
| Judicial   | 1,214,138         | -                            | -                                  |
| General government                               | 2,929,188         | -                            | -                                  |
| Public safety                                    | 1,557,271         | -                            | -                                  |
| Public works                                     | 211               | -                            | -                                  |
| Health and welfare                               | 378,131           | 1,390,851                    | -                                  |
| Culture and recreation                           | 4,395             | -                            | -                                  |
| Capital outlay                                   | 18,241            | 69,000                       | -                                  |
| Other  | 1,343             | -                            | -                                  |
| Debt service - principal                         | 138,087           | -                            | -                                  |
| Debt service - interest and charges              | 20,768            | -                            | -                                  |
| <b>TOTAL EXPENDITURES</b>                        | <b>6,364,235</b>  | <b>1,459,851</b>             | <b>-</b>                           |
| REVENUES OVER (UNDER) EXPENDITURES               | (291,666)         | (23,688)                     | 1,275,015                          |
| OTHER FINANCING SOURCES (USES)                   |                   |                              |                                    |
| Transfers in                                     | 635,152           | -                            | -                                  |
| Transfers (out)                                  | (502,681)         | (15,550)                     | (472,635)                          |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>132,471</b>    | <b>(15,550)</b>              | <b>(472,635)</b>                   |
| NET CHANGES IN FUND BALANCES                     | (159,195)         | (39,238)                     | 802,380                            |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 279,087           | 1,812,156                    | 1,722,763                          |
| <b>FUND BALANCES, END OF YEAR</b>                | <b>\$ 119,892</b> | <b>\$ 1,772,918</b>          | <b>\$ 2,525,143</b>                |

The accompanying notes are an integral part of these financial statements.

| EDC GRANT<br>REVOLVING<br>LOAN FUND | OTHER<br>GOVERNMENTAL<br>FUNDS | TOTAL        |
|-------------------------------------|--------------------------------|--------------|
| \$ -                                | \$ 324,239                     | \$ 5,264,226 |
| -                                   | 234,031                        | 249,547      |
| -                                   | 649,670                        | 922,796      |
| -                                   | 435,439                        | 970,972      |
| -                                   | 67,565                         | 67,565       |
| -                                   | 764,174                        | 3,118,376    |
| -                                   | 3,500                          | 73,428       |
| 5,001                               | 89,533                         | 283,770      |
| -                                   | 225,131                        | 512,646      |
| -                                   | -                              | 93,921       |
| 783,137                             | 21,679                         | 829,599      |
| 788,138                             | 2,814,961                      | 12,386,846   |
| -                                   | -                              | 102,462      |
| -                                   | 637,151                        | 1,851,289    |
| 38,557                              | 138,652                        | 3,106,397    |
| -                                   | 1,084,731                      | 2,642,002    |
| -                                   | 29,140                         | 29,351       |
| -                                   | 1,032,124                      | 2,801,106    |
| -                                   | 22,892                         | 27,287       |
| -                                   | 48,595                         | 135,836      |
| -                                   | -                              | 1,343        |
| -                                   | 101,804                        | 239,891      |
| -                                   | 160,829                        | 181,597      |
| 38,557                              | 3,255,918                      | 11,118,561   |
| 749,581                             | (440,957)                      | 1,268,285    |
| -                                   | 564,901                        | 1,200,053    |
| (30,061)                            | (85,609)                       | (1,106,536)  |
| (30,061)                            | 479,292                        | 93,517       |
| 719,520                             | 38,335                         | 1,361,802    |
| 337,060                             | 3,127,031                      | 7,278,097    |
| \$ 1,056,580                        | \$ 3,165,366                   | \$ 8,639,899 |

**IOSCO COUNTY, MICHIGAN  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

---

|  |                          |
|--|--------------------------|
| Net change in fund balances - total governmental funds   | \$ 1,361,802             |
| Amounts reported for governmental activities in the statement of activities are different because:                 |                          |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of    |                          |
| Add: capital outlay  | 100,480                  |
| Subtract: loss on the disposal of capital assets   | (14,279)                 |
| Subtract: depreciation expense   | (238,203)                |
| Revenues in the statement of activities that do not provide current financial resources are not reported as        |                          |
| Subtract: change in long-term receivables  | (570,691)                |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term      |                          |
| Add: principal payments on long-term liabilities   | 239,891                  |
| Add: change in accrued interest payable  | 251                      |
| The reduction of the County's long-term liability for the net pension obligation did not provide current financial |                          |
| Subtract: increase of net pension obligation   | (139,967)                |
| Some expenses reported in the statement of activities do not require the use of current financial resources and    |                          |
| Add: decrease in the accrual of compensated absences   | 6,119                    |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance costs,  |                          |
| Add: interest revenue from governmental internal service fund  | 189                      |
| Add: net operating income from governmental activities accounted for in internal service fund                      | 57,927                   |
| Change in net assets of governmental activities  | <u><u>\$ 803,519</u></u> |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

|                                      | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL       | OVER<br>(UNDER)<br>BUDGET |
|--------------------------------------|--------------------|-------------------|--------------|---------------------------|
| REVENUES                             |                    |                   |              |                           |
| Taxes                                | \$ 3,875,000       | \$ 3,875,000      | \$ 3,707,512 | \$ (167,488)              |
| Licenses and permits                 | 14,000             | 14,000            | 15,516       | 1,516                     |
| Intergovernmental:                   |                    |                   |              |                           |
| Federal grants                       | 242,276            | 264,276           | 273,126      | 8,850                     |
| State grants                         | 548,960            | 548,960           | 535,533      | (13,427)                  |
| Charges for services                 | 1,112,080          | 1,112,080         | 1,100,927    | (11,153)                  |
| Fines and forfeits                   | 67,500             | 67,500            | 69,928       | 2,428                     |
| Interest                             | 35,000             | 35,000            | 80,670       | 45,670                    |
| Reimbursements and refunds           | 338,726            | 338,726           | 287,515      | (51,211)                  |
| Other                                | 1,700              | 1,700             | 1,842        | 142                       |
| TOTAL REVENUES                       | 6,235,242          | 6,257,242         | 6,072,569    | (184,673)                 |
| EXPENDITURES                         |                    |                   |              |                           |
| Current                              |                    |                   |              |                           |
| Legislative                          | 103,860            | 103,860           | 102,462      | (1,398)                   |
| Judicial                             | 1,278,504          | 1,282,818         | 1,214,138    | (68,680)                  |
| General government                   | 3,035,550          | 3,085,540         | 2,929,188    | (156,352)                 |
| Public safety                        | 1,427,948          | 1,449,948         | 1,557,271    | 107,323                   |
| Public works                         | 1,500              | 1,500             | 211          | (1,289)                   |
| Health and welfare                   | 368,906            | 368,906           | 378,131      | 9,225                     |
| Culture and recreation               | 5,550              | 5,550             | 4,395        | (1,155)                   |
| Capital outlay                       | 43,296             | 41,916            | 18,241       | (23,675)                  |
| Other                                | 41,800             | 28,410            | 1,343        | (27,067)                  |
| Debt service                         | -                  | -                 | 158,855      | 158,855                   |
| TOTAL EXPENDITURES                   | 6,306,914          | 6,368,448         | 6,364,235    | (4,213)                   |
| REVENUES OVER (UNDER) EXPENDITURES   | (71,672)           | (111,206)         | (291,666)    | (180,460)                 |
| OTHER FINANCING SOURCES (USES)       |                    |                   |              |                           |
| Transfers in                         | 602,383            | 692,011           | 635,152      | (56,859)                  |
| Transfers (out)                      | (531,711)          | (581,711)         | (502,681)    | (79,030)                  |
| TOTAL OTHER FINANCING SOURCES (USES) | 70,672             | 110,300           | 132,471      | 22,171                    |
| NET CHANGE IN FUND BALANCES          | (1,000)            | (906)             | (159,195)    | (158,289)                 |
| FUND BALANCE, BEGINNING OF YEAR      | 279,087            | 279,087           | 279,087      | -                         |
| FUND BALANCE, END OF YEAR            | \$ 278,087         | \$ 278,181        | \$ 119,892   | \$ (158,289)              |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**AMBULANCE SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

|                                      | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL       | OVER<br>(UNDER)<br>BUDGET |
|--------------------------------------|--------------------|-------------------|--------------|---------------------------|
| REVENUES                             |                    |                   |              |                           |
| Taxes                                | \$ -               | \$ -              | \$ 107       | \$ 107                    |
| Charges for services                 | 1,188,591          | 1,188,591         | 1,253,275    | 64,684                    |
| Interest                             | 8,000              | 8,000             | 65,919       | 57,919                    |
| Recovery of bad debt                 | -                  | -                 | 93,921       | 93,921                    |
| Other                                | 11,000             | 11,000            | 22,941       | 11,941                    |
| TOTAL REVENUES                       | 1,207,591          | 1,207,591         | 1,436,163    | 228,572                   |
| EXPENDITURES                         |                    |                   |              |                           |
| Current                              |                    |                   |              |                           |
| Health and welfare                   | 1,434,450          | 1,494,450         | 1,390,851    | (103,599)                 |
| Capital outlay                       | 50,000             | 69,000            | 69,000       | -                         |
| TOTAL EXPENDITURES                   | 1,484,450          | 1,563,450         | 1,459,851    | (103,599)                 |
| REVENUES OVER (UNDER) EXPENDITURES   | (276,859)          | (355,859)         | (23,688)     | 332,171                   |
| OTHER FINANCING SOURCES (USES)       |                    |                   |              |                           |
| Transfers in                         | 292,409            | 371,409           | -            | (371,409)                 |
| Transfers (out)                      | (15,550)           | (15,550)          | (15,550)     | -                         |
| TOTAL OTHER FINANCING SOURCES (USES) | 276,859            | 355,859           | (15,550)     | (371,409)                 |
| NET CHANGE IN FUND BALANCE           | -                  | -                 | (39,238)     | (39,238)                  |
| FUND BALANCE, BEGINNING OF YEAR      | 1,812,156          | 1,812,156         | 1,812,156    | -                         |
| FUND BALANCE, END OF YEAR            | \$ 1,812,156       | \$ 1,812,156      | \$ 1,772,918 | \$ (39,238)               |

The accompanying notes are an integral part of these financial statements.



**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**EDC GRANT REVOLVING LOAN FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

|                                    | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL       | OVER<br>(UNDER)<br>BUDGET |
|------------------------------------|--------------------|-------------------|--------------|---------------------------|
| REVENUES                           |                    |                   |              |                           |
| Interest                           | \$ 5,000           | \$ 5,000          | \$ 5,001     | \$ 1                      |
| Other                              | 360,000            | 360,000           | 783,137      | 423,137                   |
| TOTAL REVENUES                     | 365,000            | 365,000           | 788,138      | 423,138                   |
| EXPENDITURES                       |                    |                   |              |                           |
| Current                            |                    |                   |              |                           |
| Health and welfare                 | 350,000            | 350,000           | 38,557       | (311,443)                 |
| REVENUES OVER (UNDER) EXPENDITURES | 15,000             | 15,000            | 749,581      | 734,581                   |
| OTHER FINANCING SOURCES (USES)     |                    |                   |              |                           |
| Transfers (out)                    | (15,000)           | (15,000)          | (30,061)     | 15,061                    |
| NET CHANGE IN FUND BALANCE         | -                  | -                 | 719,520      | 719,520                   |
| FUND BALANCE, BEGINNING OF YEAR    | 337,060            | 337,060           | 337,060      | -                         |
| FUND BALANCE, END OF YEAR          | \$ 337,060         | \$ 337,060        | \$ 1,056,580 | \$ 719,520                |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**REVENUE SHARING RESERVE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

|                                  | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL       | OVER<br>(UNDER)<br>BUDGET |
|----------------------------------|--------------------|-------------------|--------------|---------------------------|
| REVENUES                         |                    |                   |              |                           |
| Taxes                            | \$ 1,232,368       | \$ 1,232,368      | \$ 1,232,368 | \$ -                      |
| Interest                         | -                  | -                 | 42,647       | 42,647                    |
| TOTAL REVENUES                   | 1,232,368          | 1,232,368         | 1,275,015    | 42,647                    |
| OTHER FINANCING SOURCES (USES)   |                    |                   |              |                           |
| Transfers (out)                  | (470,000)          | (470,000)         | (472,635)    | 2,635                     |
| NET CHANGE IN FUND BALANCES      | 762,368            | 762,368           | 802,380      | 40,012                    |
| FUND BALANCES, BEGINNING OF YEAR | 1,722,763          | 1,722,763         | 1,722,763    | -                         |
| FUND BALANCES, END OF YEAR       | \$ 2,485,131       | \$ 2,485,131      | \$ 2,525,143 | \$ 40,012                 |

The accompanying notes are an integral part of these financial statements.

**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2006**

|   | ENTERPRISE               |                                     |  |                                 |
|---|--------------------------|-------------------------------------|--|---------------------------------|
|   | Medical<br>Care Facility | Delinquent Tax<br>Revolving<br>Fund | East Tawas/<br>Tawas City<br>Waste Treatment<br>Facility Project | Oscoda<br>Sewer 2003<br>Project |
| <b>ASSETS</b>                                 |                          |                                     |  |                                 |
| Current Assets                                |                          |                                     |  |                                 |
| Cash and cash equivalents                     | \$ 2,960,914             | \$ 2,317,852                        | \$ -   | \$ 344,202                      |
| Taxes receivable                              | 477,500                  | -                                   | -  | -                               |
| Taxes receivable - delinquent                 | -                        | 822,531                             | -  | -                               |
| Loans receivable - current                    | -                        | -                                   | 796,161  | 1,827,125                       |
| Interest receivable                           | -                        | 1,816                               | -  | -                               |
| Accounts receivable                           | 458,323                  | -                                   | -  | -                               |
| Other current assets                          | 121,437                  | -                                   | -  | -                               |
| Restricted assets - cash and cash equivalents | 1,308,026                | -                                   | -  | -                               |
| Total current assets                          | 5,326,200                | 3,142,199                           | 796,161  | 2,171,327                       |
| Noncurrent assets                             |                          |                                     |  |                                 |
| Loans receivable - due in more than one year  | -                        | -                                   | 350,000  | 60,000                          |
| Capital assets, net:                          |                          |                                     |  |                                 |
| Assets not being depreciated                  | 153,792                  | -                                   | -  | -                               |
| Assets being depreciated                      | 4,536,389                | -                                   | -  | -                               |
| Total noncurrent assets                       | 4,690,181                | -                                   | 350,000  | 60,000                          |
| <b>TOTAL ASSETS</b>                           | <b>10,016,381</b>        | <b>3,142,199</b>                    | <b>1,146,161</b>   | <b>2,231,327</b>                |
| <b>LIABILITIES</b>                            |                          |                                     |  |                                 |
| Current Liabilities                           |                          |                                     |  |                                 |
| Accounts payable                              | 269,633                  | -                                   | -  | -                               |
| Accrued liabilities and advances              | 403,185                  | -                                   | 11,161   | 16,327                          |
| Unearned revenue                              | 477,500                  | -                                   | -  | -                               |
| Current portion of bond payable               | -                        | -                                   | 350,000  | 60,000                          |
| <b>TOTAL CURRENT LIABILITIES</b>              | <b>1,150,318</b>         | <b>-</b>                            | <b>361,161</b>   | <b>76,327</b>                   |
| Long-term Liabilities                         |                          |                                     |  |                                 |
| Bonds payable                                 | -                        | -                                   | 785,000  | 2,155,000                       |
| <b>TOTAL LIABILITIES</b>                      | <b>1,150,318</b>         | <b>-</b>                            | <b>1,146,161</b>   | <b>2,231,327</b>                |
| <b>NET ASSETS</b>                             |                          |                                     |  |                                 |
| Investment in capital assets                  | 4,799,454                | -                                   | -  | -                               |
| Unrestricted                                  | 4,066,609                | 3,142,199                           | -  | -                               |
| <b>TOTAL NET ASSETS</b>                       | <b>\$ 8,866,063</b>      | <b>\$ 3,142,199</b>                 | <b>\$ -</b>  | <b>\$ -</b>                     |

The accompanying notes are an integral part of these financial statements.

|                              |               | INTERNAL<br>SERVICE                   |  |
|------------------------------|---------------|---------------------------------------|--|
| Other<br>Enterprise<br>Funds | Total         | Workers'<br>Compensation<br>Insurance |  |
| \$ -                         | \$ 5,622,968  | \$ 99,967                             |  |
| -                            | 477,500       | -                                     |  |
| -                            | 822,531       | -                                     |  |
| 1,332,622                    | 3,955,908     | -                                     |  |
| -                            | 1,816         | -                                     |  |
| -                            | 458,323       | -                                     |  |
| -                            | 121,437       | -                                     |  |
| -                            | 1,308,026     | -                                     |  |
| 1,332,622                    | 12,768,509    | 99,967                                |  |
| 372,000                      | 782,000       | -                                     |  |
| -                            | 153,792       | -                                     |  |
| -                            | 4,536,389     | -                                     |  |
| 372,000                      | 5,472,181     | -                                     |  |
| 1,704,622                    | 18,240,690    | 99,967                                |  |
| -                            | 269,633       | -                                     |  |
| 20,622                       | 451,295       | -                                     |  |
| -                            | 477,500       | -                                     |  |
| 372,000                      | 782,000       | -                                     |  |
| 392,622                      | 1,980,428     | -                                     |  |
| 1,312,000                    | 4,252,000     | -                                     |  |
| 1,704,622                    | 6,232,428     | -                                     |  |
| -                            | 4,799,454     | -                                     |  |
| -                            | 7,208,808     | 99,967                                |  |
| \$ -                         | \$ 12,008,262 | \$ 99,967                             |  |

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | ENTERPRISE               |                                     |  |                                 |
|---|--------------------------|-------------------------------------|--|---------------------------------|
|   | Medical<br>Care Facility | Delinquent Tax<br>Revolving<br>Fund | East Tawas/<br>Tawas City<br>Waste Treatment<br>Facility Project | Oscoda<br>Sewer 2003<br>Project |
| OPERATING REVENUES                      |                          |                                     |  |                                 |
| Intergovernmental - State               | \$ 124,465               | \$ -                                | \$ -   | \$ -                            |
| Charges for services                    | 6,074,998                | -                                   | -  | -                               |
| Interest on delinquent taxes            | -                        | 192,701                             | -  | -                               |
| Collection fees                         | -                        | 99,398                              | -  | -                               |
| Other                                   | -                        | 77,605                              | -  | -                               |
| TOTAL OPERATING REVENUES                | 6,199,463                | 369,704                             | -  | -                               |
| OPERATING EXPENSES                      |                          |                                     |  |                                 |
| Salaries                                | 2,997,281                | -                                   | -  | -                               |
| Other                                   | 3,145,336                | 78,807                              | -  | -                               |
| TOTAL OPERATING EXPENSES                | 6,142,617                | 78,807                              | -  | -                               |
| OPERATING INCOME (LOSS)                 | 56,846                   | 290,897                             | -  | -                               |
| NON-OPERATING REVENUES (EXPENSES)       |                          |                                     |  |                                 |
| Contributions from local units          | -                        | -                                   | 81,575   | 100,089                         |
| Interest on investments                 | 159,527                  | 29,408                              | -  | 23,826                          |
| Other revenue                           | 430,843                  | -                                   | -  | -                               |
| Local unit cost of capital improvements | -                        | -                                   | -  | (23,826)                        |
| Loss on sale of property                | (3,971)                  | -                                   | -  | -                               |
| Interest and charges                    | -                        | -                                   | (81,575)   | (100,089)                       |
| TOTAL NON-OPERATING REVENUES            | 586,399                  | 29,408                              | -  | -                               |
| INCOME (LOSS) BEFORE TRANSFERS          | 643,245                  | 320,305                             | -  | -                               |
| TRANSFERS                               |                          |                                     |  |                                 |
| Transfers (out)                         | -                        | (93,517)                            | -  | -                               |
| NET INCOME (LOSS)                       | 643,245                  | 226,788                             | -  | -                               |
| NET ASSETS, BEGINNING OF YEAR           | 8,222,818                | 2,915,411                           | -  | -                               |
| NET ASSETS, END OF YEAR                 | \$ 8,866,063             | \$ 3,142,199                        | \$ -   | \$ -                            |

The accompanying notes are an integral part of these financial statements.

|                              |               | INTERNAL<br>SERVICE                   |   |
|------------------------------|---------------|---------------------------------------|---|
| Other<br>Enterprise<br>Funds |               | Workers'<br>Compensation<br>Insurance |   |
|                              | Total         |                                       |   |
| \$ -                         | \$ 124,465    | \$ -                                  | - |
| -                            | 6,074,998     | -                                     | - |
| -                            | 192,701       | -                                     | - |
| -                            | 99,398        | -                                     | - |
| -                            | 77,605        | 57,927                                | - |
| -                            | 6,569,167     | 57,927                                | - |
| -                            | 2,997,281     | -                                     | - |
| -                            | 3,224,143     | -                                     | - |
| -                            | 6,221,424     | -                                     | - |
| -                            | 347,743       | 57,927                                | - |
| 88,565                       | 270,229       | -                                     | - |
| -                            | 212,761       | 189                                   | - |
| -                            | 430,843       | -                                     | - |
| -                            | (23,826)      | -                                     | - |
| -                            | (3,971)       | -                                     | - |
| (88,565)                     | (270,229)     | -                                     | - |
| -                            | 615,807       | 189                                   | - |
| -                            | 963,550       | 58,116                                | - |
| -                            | (93,517)      | -                                     | - |
| -                            | 870,033       | 58,116                                | - |
| -                            | 11,138,229    | 41,851                                | - |
| \$ -                         | \$ 12,008,262 | \$ 99,967                             | - |

**IOSCO COUNTY, MICHIGAN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | ENTERPRISE               |                                     |  |                                 |
|---|--------------------------|-------------------------------------|--|---------------------------------|
|   | Medical<br>Care Facility | Delinquent Tax<br>Revolving<br>Fund | East Tawas/<br>Tawas City<br>Waste Treatment<br>Facility Project | Oscoda<br>Sewer 2003<br>Project |
| Cash flows from operating activities  |                          |                                     |  |                                 |
| Cash received from customers  | \$ 5,168,427             | \$ 335,331                          | \$ -   | \$ 376                          |
| Cash received from other operating activities   | 19,255                   | 77,605                              | -  | -                               |
| Cash received from proportionate share program  | 941,392                  | -                                   | -  | -                               |
| Cash payments to employees and suppliers  | (5,855,458)              | (78,807)                            | -  | (55,376)                        |
| Net cash provided (used) by operating activities  | 273,616                  | 334,129                             | -  | (55,000)                        |
| Cash flows from non-capital financing activities  |                          |                                     |  |                                 |
| Transfers   | -                        | (93,517)                            | -  | -                               |
| Cash received from property tax levy  | 427,584                  | -                                   | -  | -                               |
| Patient trust deposits, net   | (3,077)                  | -                                   | -  | -                               |
| Other   | 3,259                    | -                                   | -  | -                               |
| Net cash provided (used) by non-capital financing activities  | 427,766                  | (93,517)                            | -  | -                               |
| Cash flows from capital and related financing activities  |                          |                                     |  |                                 |
| Purchases of capital assets   | (153,792)                | -                                   | -  | (116,187)                       |
| Contributions from local units  | -                        | -                                   | 441,575  | 155,089                         |
| Cash payments for capital improvements  | -                        | -                                   | -  | (23,826)                        |
| Principal paid on bonds   | -                        | -                                   | (360,000)  | (55,000)                        |
| Interest and paying agent fees on bonds   | -                        | -                                   | (81,575)   | (100,089)                       |
| Net cash provided (used) by capital and related financing activities                                  | (153,792)                | -                                   | -  | (140,013)                       |
| Cash flows from investing activities  |                          |                                     |  |                                 |
| Interest received   | 159,527                  | 29,408                              | -  | 23,826                          |
| Net increase (decrease) in cash and cash equivalents  | 707,117                  | 270,020                             | -  | (171,187)                       |
| Cash and cash equivalents, beginning of year  | 3,561,823                | 2,047,832                           | -  | 515,389                         |
| Cash and cash equivalents, end of year  | \$ 4,268,940             | \$ 2,317,852                        | \$ -   | \$ 344,202                      |
| Statement of net assets classification of cash and cash equivalents                                   |                          |                                     |  |                                 |
| Cash and cash equivalents   | \$ 2,960,914             | \$ 2,317,852                        | \$ -   | \$ 344,202                      |
| Restricted assets   | 1,308,026                | -                                   | -  | -                               |
| Cash and cash equivalents, end of year  | \$ 4,268,940             | \$ 2,317,852                        | \$ -   | \$ 344,202                      |
| Non-cash investing capital and financing transactions   |                          |                                     |  |                                 |
| All dividends and interest income were immediately reinvested in the cash management funds            |                          |                                     |  |                                 |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities:        |                          |                                     |  |                                 |
| Operating income (loss)   | \$ 56,846                | \$ 290,897                          | \$ -   | \$ -                            |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                          |                                     |  |                                 |
| Depreciation  | 259,094                  | -                                   | -  | -                               |
| Changes in assets and liabilities which increase (decrease) cash:                                     |                          |                                     |  |                                 |
| Receivables   | (70,389)                 | 43,232                              | 363,420  | 376                             |
| Inventories   | (47,720)                 | -                                   | -  | -                               |
| Accounts payable  | 138,040                  | -                                   | -  | -                               |
| Accrued and other liabilities   | (62,255)                 | -                                   | (363,420)  | (55,376)                        |
| Net cash provided (used) by operating activities  | \$ 273,616               | \$ 334,129                          | \$ -   | \$ (55,000)                     |

The accompanying notes are an integral part of these financial statements

|                              |              | INTERNAL<br>SERVICE                   |  |
|------------------------------|--------------|---------------------------------------|--|
| Other<br>Enterprise<br>Funds | Total        | Workers'<br>Compensation<br>Insurance |  |
| \$ -                         | \$ 5,504,134 | \$ -                                  |  |
| -                            | 96,860       | 57,927                                |  |
| -                            | 941,392      | -                                     |  |
| -                            | (5,989,641)  | -                                     |  |
| -                            | 552,745      | 57,927                                |  |
| -                            | (93,517)     | -                                     |  |
| -                            | 427,584      | -                                     |  |
| -                            | (3,077)      | -                                     |  |
| -                            | 3,259        | -                                     |  |
| -                            | 334,249      | -                                     |  |
| -                            | (269,979)    | -                                     |  |
| 894,014                      | 1,490,678    | -                                     |  |
| -                            | (23,826)     | -                                     |  |
| (806,000)                    | (1,221,000)  | -                                     |  |
| (88,565)                     | (270,229)    | -                                     |  |
| (551)                        | (294,356)    | -                                     |  |
| -                            | 212,761      | 189                                   |  |
| (551)                        | 805,399      | 58,116                                |  |
| 551                          | 6,125,595    | 41,851                                |  |
| \$ -                         | \$ 6,930,994 | \$ 99,967                             |  |
| \$ -                         | \$ 5,622,968 | \$ 99,967                             |  |
| -                            | 1,308,026    | -                                     |  |
| \$ -                         | \$ 6,930,994 | \$ 99,967                             |  |
| \$ -                         | \$ 347,743   | \$ 57,927                             |  |
| -                            | 259,094      | -                                     |  |
| 13,983                       | 350,622      | -                                     |  |
| (13,983)                     | (61,703)     | -                                     |  |
| -                            | 138,040      | -                                     |  |
| -                            | (481,051)    | -                                     |  |
| \$ -                         | \$ 552,745   | \$ 57,927                             |  |



**IOSCO COUNTY, MICHIGAN**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**DECEMBER 31, 2006**

| <u>ASSETS</u>                   | <u>Agency<br/>Funds</u>        |
|---------------------------------|--------------------------------|
| Cash and cash equivalents       | \$ 2,364,914                   |
| Investments                     | 25,000                         |
| Accounts receivable             | <u>84,781</u>                  |
| <br><u>TOTAL ASSETS</u>         | <br><u><u>\$ 2,474,695</u></u> |
| <br><u>LIABILITIES</u>          |                                |
| Accounts payable                | \$ 51,183                      |
| Unallocated property taxes      | 263,283                        |
| Undistributed receipts          | 87,969                         |
| Undistributed penal fines       | 88,729                         |
| Due to other governmental units | <u>1,983,531</u>               |
| <br><u>TOTAL LIABILITIES</u>    | <br><u><u>\$ 2,474,695</u></u> |

The accompanying notes are an integral part of these financial statements.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of *Iosco County*, (the “County”), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

#### A. REPORTING ENTITY

The accompanying financial statements are for the primary government of Iosco County, and do not include the financial data of the component units of the County. The component units discussed below are considered to be part of the County’s reporting entity because of the significance of their operational or financial relationship with the County.

The financial statements of the Iosco County 1984 Building Authority have been consolidated with the County’s related debt service funds as required by the State of Michigan.

The following are the component units of the County, which have been excluded from the accompanying financial statements. If these component units had been included, they would have been presented as discrete component units:

**Road Commission** - The County appoints all members of the governing Board of the Road Commission. The Road Commission deposits receipts with the County. The Road Commission also has a balance in the County’s common bank account and has investments through the County. A complete financial statement can be obtained from the Iosco County Road Commission, 3939 M-55, Tawas City, Michigan 48764.

**County Drain Commission** - The County elected the Drain Commissioner, who is responsible for the activities of the Drain Commission. The County Treasurer collects the receipts and the Clerk makes disbursements after the Drain Commissioner approves the invoices. The Drain Commission also has balances in the County’s common bank account and investments through the County. A complete financial statement can be obtained from the Iosco County Drain Commission, 420 Lake Street, Tawas City, Michigan 48764.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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### JOINT OPERATIONS

#### *District Health Department*

The counties of Ogemaw, Oscoda, Alcona and Iosco participate jointly in the operation of the District Health Department. The financial operations of the District Health Department are recorded in the records of the Ogemaw County Health Fund.

The funding formula approved by the member counties is based pro rata on each unit's population and equalized valuation to the district's total population and valuation. Member counties' percentages of the net operating budget for 2006 were:

|        |     |        |     |
|--------|-----|--------|-----|
| Ogemaw | 28% | Oscoda | 13% |
| Alcona | 21% | Iosco  | 38% |

Iosco County's appropriation to the District Health Department for 2006 was \$166,503.

#### *Mental Health Authority*

The AuSable Valley Community Mental Health Services Board is a three County Authority with each County appointing two members to the governing Board. The Mental Health Services Board deposits their receipts with the Iosco County Treasurer. The Mental Health Services Board is part of Iosco County's common bank account and has investments through the County. The County's contribution to the Mental Health Services Board was \$69,070 for the current fiscal year. A complete financial statement of the Mental Health Services Board can be obtained from the AuSable Valley Community Mental Health Services Board, 1199 Harris Avenue, Tawas City, Michigan 48764.

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (e.g., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2006**

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The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement – based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2006

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and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *ambulance service fund* accounts for the collection of a separate tax millage that is used to fund the operations of ambulance services.

The *revenue sharing reserve fund* accounts for tax millage funds as required by Public Act 357 of 2004.

The *EDC Grant Revolving Loan Fund* accounts for the operations of a service providing low interest loans to assist professional, commercial, and industrial entities in rehabilitation and expansion of existing businesses and construction of new business within the county.

The government reports the following major proprietary funds:

The *medical care facility fund* accounts for the operations of the County's medical care facility.

The *delinquent tax revolving fund* accounts for the purchase of delinquent taxes from other local taxing units.

The *East Tawas/Tawas City Waste Treatment Facility Fund* accounts for the accumulation of funds for the payment of interest and principal on the East Tawas/Tawas City Waste Treatment Facility Bonds.

The *Oscoda Sewer 2003 Project Fund* accounts for the financial resources used for the repayment of the Oscoda Sewer 2003 Bonds.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2006**

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Additionally, the County reports the following fund types:

*Internal service funds* account for the insurance fund services provided to other departments or agencies of the government on a cost reimbursement basis.

*Agency funds* are used to account for assets held for other governments in an agency capacity, including tax collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the delinquent tax revolving and the medical care facility enterprise funds are charges to customers for sales and services and interest collected on delinquent taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

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### **D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

#### **1. DEPOSITS AND INVESTMENTS**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments are recorded at fair value.

#### **Statutory Authority**

State statutes authorize the County to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The County's investment policy allows for all of these types of investments.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

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### **2. RECEIVABLES AND PAYABLES**

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (e.g., the current portion of interfund loans) or “advances to/from other funds” (e.g., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” There were no internal balances at the end of the fiscal year.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

### **3. INVENTORY AND PREPAID ITEMS**

Inventories of expendable supplies have not been recorded and the amount of any such inventories is not considered material. The cost of such inventories has been treated as an expenditure at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **4. RESTRICTED ASSETS**

Restricted assets are assets that have been set aside for future capital purchases in the Medical Care Facility.

### **5. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets, sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County of Iosco), are



# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2006

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reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

|                           |             |
|---------------------------|-------------|
| Building and improvements | 10-40 years |
| Equipment                 | 5-10 years  |
| Vehicles                  | 5-7 years   |
| Infrastructure            | 5-50 years  |

#### 6. COMPENSATED ABSENCES

##### *Compensated Absence Liability Recognition*

Accumulated PTO is accrued when incurred in the proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured.

The portion of unpaid PTO pay that is applicable to governmental fund types is reported in the Statement of Net Assets.

#### 7. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2006**

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Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **8. FUND EQUITY**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

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### **II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. BUDGETS AND BUDGETARY ACCOUNTING**

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- Prior to December 1, the departments submit to the Board of Commissioners a proposed departmental operating budget for the fiscal year commencing the following January 1. This operating budget includes proposed expenditures and means of financing them.
- Public hearings are conducted at the governmental center to obtain taxpayer comments.
- Prior to January 1, the budget is legally enacted through passage of an ordinance.
- All budget appropriations lapse at year end. Budgetary amounts reported herein are as originally adopted, or as amended by the Board of Commissioners throughout the operating year.
- Annual budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis, while the Internal Service and Enterprise Fund informational budgets are prepared using the accrual basis of accounting. Both methods are consistent with generally accepted accounting principles (GAAP).
- The legal level of control is at the activity level for the General Fund and Special Revenue Funds.
- The County Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures in the General Fund must be approved by the County Board of Commissioners.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

### B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

The General Fund and other County Funds had expenditures exceeding budgeted appropriations at the activity level, which is the County's legal level of budgetary control for the year ended December 31, 2006.

|                                  | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|----------------------------------|---------------|---------------|-----------------|
| <b>GENERAL FUND</b>              |               |               |                 |
| <b>JUDICIAL</b>                  |               |               |                 |
| District Court                   | \$ 389,396    | \$ 410,604    | \$ (21,208)     |
| Probate Court                    | 384,254       | 395,511       | (11,257)        |
| <b>GENERAL GOVERNMENT</b>        |               |               |                 |
| Elections                        | 17,795        | 24,616        | (6,821)         |
| County council                   | 25,000        | 29,169        | (4,169)         |
| County clerk                     | 249,564       | 249,637       | (73)            |
| Prosecuting attorney             | 199,588       | 201,302       | (1,714)         |
| Computer facility                | 100,614       | 101,894       | (1,280)         |
| <b>PUBLIC SAFETY</b>             |               |               |                 |
| Sheriff Department               | 271,992       | 286,167       | (14,175)        |
| Jail                             | 946,746       | 1,034,548     | (87,802)        |
| Emergency services office        | 53,241        | 70,780        | (17,539)        |
| Animal control                   | 50,318        | 51,589        | (1,271)         |
| <b>HEALTH AND WELFARE</b>        |               |               |                 |
| Substance abuse agency           | 75,000        | 78,319        | (3,319)         |
| Medical examiner                 | 22,000        | 32,999        | (10,999)        |
| Veterans burials and foundations | 7,570         | 9,260         | (1,690)         |
| <b>DEBT SERVICE</b>              |               |               |                 |
| Principal                        | -             | 138,087       | (138,087)       |
| Interest                         | -             | 20,768        | (20,768)        |
| <b>TRANSFERS OUT</b>             |               |               |                 |
| Law Library                      | 2,500         | 3,585         | (1,085)         |
| Airport                          | 10,000        | 10,986        | (986)           |
| Crime victims                    | 7,952         | 19,051        | (11,099)        |
| Wraparound coordinator           | 37,159        | 44,781        | (7,622)         |
| Friend of court                  | 50,000        | 53,495        | (3,495)         |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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|                              | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|------------------------------|---------------|---------------|-----------------|
| <b>SPECIAL REVENUE FUNDS</b> |               |               |                 |
| Revenue Sharing Reserve      |               |               |                 |
| Transfer out                 | \$ 470,000    | \$ 472,635    | \$ (2,635)      |
| EDC Grant Revolving-         |               |               |                 |
| Transfer Out                 | 15,000        | 30,061        | (15,061)        |

### III. DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

State statutes authorize the County to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2006

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A reconciliation of cash and investments as shown in the financial statements to the County's deposits and investments is as follows:

|  | <u>Carrying<br/>Amount</u> |
|--|----------------------------|
| Government-wide Financial Statement Captions:                                      |                            |
| Primary Government:  |                            |
| Cash and cash equivalents  | \$ 12,820,336              |
| Investments  | 80,000                     |
| Restricted cash  | 1,308,026                  |
| <br>Fiduciary Fund Financial Statement Captions:                                   |                            |
| Cash and cash equivalents  | 2,364,914                  |
| Investments  | <u>25,000</u>              |
| <br>Total  | <u>\$ 16,598,276</u>       |
| <br>Deposits and Investments:  |                            |
| Bank deposits (checking accounts, savings<br>accounts and certificates of deposit) | <u>\$ 16,598,276</u>       |

#### **Deposit risk**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end \$12,337,026 of the County's bank balance of \$12,839,083 was exposed to custodial credit risk because it was uninsured and uncollateralized.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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### B. RECEIVABLES

Receivables in the primary government are as follows:

|   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> |
|---|------------------------------------|-------------------------------------|
| Taxes   | \$ 1,833,532                       | \$ 1,300,031                        |
| Accounts                                      | 1,188,839                          | 458,323                             |
| Interest                                      | 3,144                              | 1,816                               |
| Loan  |                                    |                                     |
| Due within one year                           | 661,803                            | 782,000                             |
| Due after one year                            | 2,164,143                          | 3,955,908                           |
| Intergovernmental                             |                                    |                                     |
| Due within one year                           | 275,857                            | -                                   |
| Less: allowance for<br>uncollectible accounts | <u>(843,957)</u>                   | <u>-</u>                            |
| Total   | <u>\$ 5,283,361</u>                | <u>\$ 6,498,078</u>                 |

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

|  | <u>Unavailable</u>  | <u>Unearned</u>   |
|--|---------------------|-------------------|
| Property taxes receivable (General Fund)                         | \$ -                | \$ 396,549        |
| Property taxes receivable (Nonmajor<br>Governmental Funds)       | -                   | 348,963           |
| Loans Receivable (EDC Grant Revolving<br>Loan Fund)              | 2,445,649           | -                 |
| Loans Receivable (Nonmajor<br>Governmental Funds)                | 380,297             | -                 |
| Grant drawdowns prior to meeting all<br>eligibility requirements | <u>-</u>            | <u>9,528</u>      |
| Total  | <u>\$ 2,825,946</u> | <u>\$ 755,040</u> |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

### C. CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2006, was as follows:

#### Primary Government

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>   | <u>Disposals</u>   | <u>Ending<br/>Balance</u> |
|--|------------------------------|--------------------|--------------------|---------------------------|
| <b>Governmental activities</b>                         |                              |                    |                    |                           |
| Capital assets not being<br>depreciated:               |                              |                    |                    |                           |
| Land   | \$ 263,506                   | \$ -               | \$ -               | \$ 263,506                |
| Total capital assets not being<br>depreciated          | <u>263,506</u>               | <u>-</u>           | <u>-</u>           | <u>263,506</u>            |
| Capital assets being<br>depreciated:                   |                              |                    |                    |                           |
| Buildings & improvements                               | 3,704,869                    | -                  | -                  | 3,704,869                 |
| Equipment  | 525,553                      | 31,480             | -                  | 557,033                   |
| Vehicles   | <u>689,245</u>               | <u>69,000</u>      | <u>(66,637)</u>    | <u>691,608</u>            |
| Total capital assets being<br>depreciated              | <u>4,919,667</u>             | <u>100,480</u>     | <u>(66,637)</u>    | <u>4,953,510</u>          |
| Less accumulated depreciation                          |                              |                    |                    |                           |
| Buildings & improvements                               | (1,042,663)                  | (107,017)          | -                  | (1,149,680)               |
| Equipment  | (187,102)                    | (46,233)           | -                  | (233,335)                 |
| Vehicles   | <u>(308,555)</u>             | <u>(84,953)</u>    | <u>52,358</u>      | <u>(341,150)</u>          |
| Total accumulated depreciation                         | <u>(1,538,320)</u>           | <u>(238,203)</u>   | <u>52,358</u>      | <u>(1,724,165)</u>        |
| Total capital assets being<br>depreciated, net         | <u>3,381,347</u>             | <u>(137,723)</u>   | <u>(14,279)</u>    | <u>3,229,345</u>          |
| <b>Governmental activities<br/>capital assets, net</b> | <u>\$ 3,644,853</u>          | <u>\$(137,723)</u> | <u>\$ (14,279)</u> | <u>\$ 3,492,851</u>       |



# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2006

#### Business-type activities

Activity for the Iosco County Medical Care Facility for the year ended December 31, 2006, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Disposals</u>  | <u>Ending<br/>Balance</u> |
|---|------------------------------|---------------------|-------------------|---------------------------|
| Capital assets not being depreciated:               |                              |                     |                   |                           |
| Construction in progress                            | \$ -                         | \$ 153,792          | \$ -              | \$ 153,792                |
| Capital assets being depreciated:                   |                              |                     |                   |                           |
| Building & improvements                             | 5,693,160                    | -                   | -                 | 5,693,160                 |
| Equipment   | 1,573,528                    | -                   | (21,072)          | 1,552,456                 |
| Total capital assets being depreciated              | 7,266,688                    | -                   | (21,072)          | 7,245,616                 |
| Less accumulated depreciation                       |                              |                     |                   |                           |
| Building & improvements                             | (1,400,519)                  | (174,202)           | -                 | (1,574,721)               |
| Equipment   | (1,066,715)                  | (84,892)            | 17,101            | (1,134,506)               |
| Total accumulated depreciation                      | (2,467,234)                  | (259,094)           | 17,101            | (2,709,227)               |
| Total capital assets being depreciated, net         | 4,799,454                    | (259,094)           | (3,971)           | 4,536,389                 |
| <b>Business-type activities capital assets, net</b> | <b>\$ 4,799,454</b>          | <b>\$ (105,302)</b> | <b>\$ (3,971)</b> | <b>\$ 4,690,181</b>       |

Activity for the Oscoda Sewer 2003 Project for the year ended December 31, 2006, was as follows:

|                                       | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending<br/>Balance</u> |
|---------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Capital assets not being depreciated: |                              |                  |                  |                           |
| Construction in progress              | \$ 1,754,611                 | \$ 116,187       | \$(1,870,798)    | \$ -                      |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

|                        |               |
|------------------------|---------------|
| General government     | \$ 96,942     |
| Public safety          | 46,189        |
| Health and welfare     | 80,363        |
| Culture and Recreation | <u>14,709</u> |

**Total depreciation expense – governmental activities**      **\$ 238,203**

**Business-type activities**

**Total depreciation expense – Medical Care Facility**      **\$ 259,094**

### D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

| Due to                      | Due From            |                             | Total               |
|-----------------------------|---------------------|-----------------------------|---------------------|
|                             | General Fund        | Nonmajor Governmental Funds |                     |
| Revenue sharing reserve     | \$ 1,232,368        | \$ -                        | \$ 1,232,368        |
| Nonmajor governmental funds | <u>20,792</u>       | <u>149,693</u>              | <u>170,485</u>      |
| Total                       | <u>\$ 1,253,160</u> | <u>\$ 149,693</u>           | <u>\$ 1,402,853</u> |

The balances are a result of time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Additionally, the General Fund owes the Revenue Sharing Reserve Fund for one-third of the amount of the 2004 property tax levy from the December 2005 tax levy not yet remitted at December 31, 2006.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

### Advances to/from component units

|                  |                  |                  |
|------------------|------------------|------------------|
| General          | \$ 67,000        | \$ -             |
| Drain commission | -                | 67,000           |
| Total            | <u>\$ 67,000</u> | <u>\$ 67,000</u> |

| Transfers From                | Transfers To             |                             |                            |
|-------------------------------|--------------------------|-----------------------------|----------------------------|
|                               | General Fund             | Nonmajor Governmental Funds | Total                      |
| General                       | \$ -                     | \$ 502,681                  | \$ 502,681                 |
| Ambulance Service Fund        | -                        | 15,550                      | 15,550                     |
| Revenue Sharing Reserve       | 472,635                  | -                           | 472,635                    |
| EDC Loan Fund                 | -                        | 30,061                      | 30,061                     |
| Delinquent Tax Revolving Fund | 93,517                   | -                           | 93,517                     |
| Nonmajor governmental funds   | <u>69,000</u>            | <u>16,609</u>               | <u>85,609</u>              |
| <b>Total</b>                  | <b><u>\$ 635,152</u></b> | <b><u>\$ 564,901</u></b>    | <b><u>\$ 1,200,053</u></b> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move revenue from the Revenue Sharing Reserve Fund for 1/3 of the 2005 tax levy per Public Act 357 of 2004.

### E. LONG-TERM DEBT

#### Primary Government

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$3,290,000 and \$14,844,463 for governmental and business-type activities respectively.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2006

General obligation bonds and notes are direct obligation bonds and pledge the full faith and credit of the government. These bonds are generally issued as 5 to 40-year serial bonds with varying amounts of principal maturing each year. General obligation and notes currently outstanding are as follows:

| <u>Purpose</u>           | <u>Interest Rates</u> | <u>Amount</u>       |
|--------------------------|-----------------------|---------------------|
| Governmental activities  |                       |                     |
| Building Authority Bonds |                       |                     |
| Medical Care Facility    |                       |                     |
| Enterprise Fund          | 5.0-5.5%              | <u>\$ 2,890,000</u> |
| Business-type activities |                       |                     |
| Public Works Bonds       | 2.75 – 7.0%           | <u>\$ 5,034,000</u> |

Annual debt service requirements to maturity for general obligation bonds and notes are as follows:

| <u>Year Ending<br/>December 31</u> | <u>Primary Government<br/>Governmental Activities<br/>General Obligations</u> |                    | <u>Primary Government<br/>Business-Type Activities<br/>General Obligations</u> |                    |
|------------------------------------|---|--------------------|--|--------------------|
|                                    | <u>Principal</u>  | <u>Interest</u>    | <u>Principal</u>   | <u>Interest</u>    |
| 2007                               | \$ 100,000  | \$ 149,925         | \$ 782,000   | \$ 236,005         |
| 2008                               | 100,000   | 144,925            | 592,000  | 200,902            |
| 2009                               | 125,000   | 139,300            | 592,000  | 169,676            |
| 2010                               | 150,000   | 132,425            | 212,000  | 138,453            |
| 2011                               | 150,000   | 124,925            | 252,000  | 129,812            |
| 2012-2016                          | 1,075,000   | 476,231            | 1,006,000  | 498,260            |
| 2017-2021                          | 1,190,000   | 136,606            | 988,000  | 740,905            |
| 2022-2026                          | -   | -                  | <u>610,000</u>   | <u>58,451</u>      |
| Totals                             | <u>\$2,890,000</u>  | <u>\$1,304,337</u> | <u>\$5,034,000</u>   | <u>\$2,172,464</u> |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2006

Minimum capital lease payments for each of the years succeeding December 31, 2006, for the County are as follows:

| <u>Year</u>                                    | <u>Capital Lease Payments</u> |
|--|-------------------------------|
| 2007   | \$ 126,293                    |
| 2008   | 68,788                        |
| 2009   | 67,327                        |
| 2010   | 67,327                        |
| 2011   | 67,327                        |
| 2012-2016                                      | <u>162,707</u>                |
| Total minimum lease payments                   | 559,765                       |
| Less amounts representing interest             | <u>73,529</u>                 |
| Present value of net<br>minimum lease payments | <u>\$ 486,236</u>             |

### Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2006, was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u>     | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|--|------------------------------|-------------------|-----------------------|---------------------------|--------------------------------|
| <b>Governmental activities:</b>                |                              |                   |                       |                           |                                |
| Building Authority-                            |                              |                   |                       |                           |                                |
| General obligation bonds                       | \$ 2,965,000                 | \$ -              | \$ (75,000)           | \$ 2,890,000              | \$ 100,000                     |
| Net pension obligation                         | 406,231                      | 139,967           | -                     | 546,198                   | -                              |
| Capital leases                                 | 651,127                      | -                 | (164,891)             | 486,236                   | 100,888                        |
| Compensated absences                           | <u>346,996</u>               | <u>310,805</u>    | <u>(316,924)</u>      | <u>340,877</u>            | <u>316,925</u>                 |
| Governmental activity<br>Long-term liabilities | <u>\$ 4,369,354</u>          | <u>\$ 450,772</u> | <u>\$ (556,815)</u>   | <u>\$ 4,263,311</u>       | <u>\$ 517,813</u>              |
| <b>Business-type activities</b>                |                              |                   |                       |                           |                                |
| General obligation bonds                       | <u>\$ 6,255,000</u>          | <u>\$ -</u>       | <u>\$ (1,221,000)</u> | <u>\$ 5,034,000</u>       | <u>\$ 782,000</u>              |

For governmental activities, compensated absences and the net pension obligation are generally liquidated by the general fund.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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### IV. OTHER INFORMATION

#### A. DEFINED BENEFIT PENSION PLAN

*Plan Description.* The County's defined benefit pension plan provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

*Funding Policy.* The County is required to contribute at an actuarially determined rate; the current rate required to be contributed on annual covered payroll is 12.31% for general employees, 15.94% for members of the police officers union, 7.01% for medical care facility employees, 0% for members of the United Steel Workers Union, 0% for members of the Central Dispatch, 13.16% for Chemical Workers Union, 20.40% for Elected and Non-Union employees, and 24.23% for the Director. Employees are required to contribute between 0.0% to 2.0% to the Plan, depending on contract or union agreement. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

*Annual Pension Cost and Net Pension Obligation.* The County's annual pension cost and net pension obligation to MERS for the current year were as follows:

|  |                          |
|--|--------------------------|
| Annual required contribution               | \$ 731,124               |
| Interest on net pension obligation         | 32,499                   |
| Adjustment to annual required contribution | <u>(75,789)</u>          |
| Annual pension cost                        | 687,834                  |
| Contributions made                         | <u>(547,867)</u>         |
| Increase in net pension obligation         | 139,967                  |
| Net pension obligation, beginning of year  | <u>406,231</u>           |
| <b>Net pension obligation, end of year</b> | <b><u>\$ 546,198</u></b> |

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2006

The annual required contribution for the current year was determined as a part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.00% to 4.16% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2005, the date of the latest actuarial valuation, was 30 years.

#### Three-Year Trend Information

| <b>Fiscal<br/>Year<br/>Ending</b> | <b>Annual<br/>Pension<br/>Cost (APC)</b> | <b>Percentage<br/>of APC<br/>Contributed</b> | <b>Net<br/>Pension<br/>Obligation</b> |
|-----------------------------------|--|--|---------------------------------------|
| 12/31/04                          | \$ 562,907                               | 88%  | \$ 245,012                            |
| 12/31/05                          | 694,094                                  | 77%  | 406,231                               |
| 12/31/06                          | 687,834                                  | 79%  | 546,198                               |

#### Schedule of Funding Progress

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Actuarial Accrued<br/>Liability (AAL)<br/>-Entry Age<br/>(b)</b> | <b>Unfunded<br/>AAL<br/>(UAAL)<br/>(b-a)</b> | <b>Funded<br/>Ratio<br/>(a/b)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>UAAL as a<br/>Percentage of<br/>Covered Payroll<br/>((b-a)/c)</b> |
|---|--|---|--|-----------------------------------|------------------------------------|--|
| 12/31/03                                | \$10,655,538                                     | \$15,050,353  | \$4,394,815                                  | 71%                               | \$6,194,175                        | 70%  |
| 12/31/04                                | 11,533,689                                       | 16,109,387  | 4,575,698                                    | 72                                | 6,150,927                          | 74   |
| 12/31/05                                | 12,361,549                                       | 16,966,006  | 4,604,457                                    | 73                                | 5,828,966                          | 79   |

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

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### **B. DEFINED CONTRIBUTION PENSION PLAN**

#### **Plan Description**

The Iosco County Employees Defined Contribution Pension Plan (the “Plan”) is a single employer defined contribution pension plan, established by the County and administered by an outside third-party administrator. All County employees hired after January 2000, with the exception of certain bargaining units, are required to participate in the Plan. As the union contracts of the non-participating bargaining units are renegotiated, new employees of these units are added to the Plan. All other County employees that are not vested in the County’s Defined Benefit Plan have the option of becoming a participant in the Defined Contribution Plan. Employees vest in the County’s contributions completely after one year.

At December 31, 2006, there were 23 plan members. Plan members are not required to contribute to the Plan; however, employees may contribute up to 8% of their annual salary. The County is required to contribute 7% of the employees’ annual salary. The contribution requirements of plan members and the County are established and may be amended by the Board of Commissioners.

Employer contributions to the Plan for the year ended December 31, 2006, amounted to \$50,493 and employee contributions were \$9,183.

A stand-alone pension plan report has not been issued for the defined contribution plan.

### **C. PROPERTY TAXES**

The County property tax is levied each July 1st and Dec 1st through 2007 on the taxable valuation of property located in the County as of the preceding December 31. On July or December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next September or February, respectively.

Although the County’s 2006 ad valorem tax is levied and collectible by December 1, 2006, it is the County’s policy for all governmental fund types (with the exception below) to recognize revenues from the current tax levy in the year when the proceeds of the levy are budgeted and made available for financing County operations.

Beginning with the 2004 tax levy the State has mandated the creation of a Revenue Sharing Reserve fund into which one-third of the County’s 2004 to 2006 ad valorem



# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED DECEMBER 31, 2006**

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operating tax is being recognized. The purpose of the fund is to accumulate reserves of the County's own local funds from which an amount similar to Revenue Sharing payments, formerly made by the State, will be made back to the General Fund. As part of this process, the County's tax levy will be shifting over three years from winter to summer.

Taxable values are established annually by the local municipalities and are equalized by the County based on State statutes at an estimated percentage of the current market value. Real and personal property in Iosco County for the 2006 levy had a taxable value of \$1,051,115,463 on which ad valorem taxes levied for County general operating purposes was 3.9129 mills, for Library was .4912, for Medical Care Operations was .4557, and for Medical Care Facility debt service was .3354.

Taxes are collected by the various tax collecting units from the date of the levy and remitted to the County through the Trust and Agency Fund for distribution to the General Fund. The property taxes levied December 1 are accrued as current tax receivable with the appropriate deferral, and are budgeted as revenue in the subsequent year in the governmental funds.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2006. This activity is recorded in the Delinquent Tax Revolving Funds.

# IOSCO COUNTY, MICHIGAN

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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### D. RESTATEMENTS

In the prior year, activity related to the prosecuting attorney special investigation was not recorded in the County's financial statements. The beginning of the year fund balance has been restated to properly account for this activity. The restatement had the same effect on the government-wide financial statements for governmental activities. Additionally, beginning of the year net assets on the Statement of Activities for governmental activities has been restated to include an addition to the capital lease for the Honeywell Chiller and Boiler that was not reflected in the prior year financial statements.

#### **Special Investigation Fund**

|  |                 |
|--|-----------------|
| Beginning fund balance, as previously reported | \$ -            |
| Adjustment                                     | <u>2,395</u>    |
| Beginning fund balance, as restated            | <u>\$ 2,395</u> |

#### **Governmental Activities Net Assets**

|  |                     |
|--|---------------------|
| Beginning net assets, as previously reported | \$ 10,094,611       |
| Adjustment to special investigation fund     | 2,395               |
| Adjustment for capital lease                 | <u>(117,935)</u>    |
| Beginning net assets, as restated            | <u>\$ 9,979,071</u> |

# **IOSCO COUNTY, MICHIGAN**

## **NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

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### **E. CONTINGENCIES AND PENDING LITIGATION**

The County is a defendant in several matters which involve various claims against Iosco County related to disciplinary proceedings, unfair labor practices and property tax appeals. Outside counsel has advised that the possibility of unfavorable outcomes does exist, but believes that this is not likely. If an unfavorable outcome does occur, legal counsel is currently unable to predict the amount of range of potential loss.

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. However, County management does not believe such disallowances, if any, will be material to the financial position of the County.

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**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|                            | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL    | OVER<br>(UNDER)<br>BUDGET |
|----------------------------|--------------------|-------------------|-----------|---------------------------|
| CIRCUIT COURT              |                    |                   |           |                           |
| Charges for services       | \$ 2,175           | \$ 2,175          | \$ 3,258  | \$ 1,083                  |
| Reimbursements and refunds | 82,848             | 82,848            | 67,918    | (14,930)                  |
| TOTAL CIRCUIT COURT        | 85,023             | 85,023            | 71,176    | (13,847)                  |
| DISTRICT COURT             |                    |                   |           |                           |
| Intergovernmental:         |                    |                   |           |                           |
| State                      | 7,000              | 7,000             | 9,795     | 2,795                     |
| Charges for services       | 456,500            | 456,500           | 490,135   | 33,635                    |
| Fines and forfeits         | 67,500             | 67,500            | 69,928    | 2,428                     |
| Reimbursements and refunds | 23,478             | 23,478            | 20,491    | (2,987)                   |
| TOTAL DISTRICT COURT       | 554,478            | 554,478           | 590,349   | 35,871                    |
| PROBATE COURT              |                    |                   |           |                           |
| Charges for services       | 57,000             | 57,000            | 70,265    | 13,265                    |
| DECISIONS TO ACTION        |                    |                   |           |                           |
| Intergovernmental:         |                    |                   |           |                           |
| State                      | 16,594             | 16,594            | 14,153    | (2,441)                   |
| Reimbursements             | -                  | -                 | 1,582     | 1,582                     |
| TOTAL DECISIONS TO ACTION  | 16,594             | 16,594            | 15,735    | (859)                     |
| COUNTY CLERK               |                    |                   |           |                           |
| Licenses and permits       | -                  | -                 | 930       | 930                       |
| Charges for services       | 94,000             | 94,000            | 108,836   | 14,836                    |
| Reimbursements and refunds | 400                | 400               | 6,073     | 5,673                     |
| TOTAL COUNTY CLERK         | 94,400             | 94,400            | 115,839   | 21,439                    |
| PROSECUTOR                 |                    |                   |           |                           |
| Intergovernmental:         |                    |                   |           |                           |
| Federal                    | 20,000             | 20,000            | 47,008    | 27,008                    |
| Charges for services       | -                  | -                 | 450       | 450                       |
| TOTAL PROSECUTOR           | 20,000             | 20,000            | 47,458    | 27,458                    |
| EQUALIZATION               |                    |                   |           |                           |
| Charges for services       | 9,000              | 9,000             | 8,572     | (428)                     |
| REMONUMENTATION PROJECT    |                    |                   |           |                           |
| Intergovernmental:         |                    |                   |           |                           |
| State                      | 37,133             | 37,133            | 57,665    | 20,532                    |
| REGISTER OF DEEDS          |                    |                   |           |                           |
| Charges for services       | 290,900            | 290,900           | 242,296   | (48,604)                  |
| Administration fee         | -                  | -                 | 3,676     | 3,676                     |
| TOTAL REGISTER OF DEEDS    | 290,900            | 290,900           | 245,972   | (44,928)                  |
| TREASURER                  |                    |                   |           |                           |
| Taxes                      | 3,875,000          | 3,875,000         | 3,707,512 | (167,488)                 |
| Licenses and permits       | 6,500              | 6,500             | 5,940     | (560)                     |
| Intergovernmental:         |                    |                   |           |                           |
| Federal                    | 75,000             | 75,000            | 76,084    | 1,084                     |
| State                      | 456,439            | 456,439           | 434,133   | (22,306)                  |
| Charges for services       | 13,000             | 13,000            | 10,279    | (2,721)                   |
| Interest                   | 35,000             | 35,000            | 80,670    | 45,670                    |
| Reimbursements and refunds | 232,000            | 232,000           | 193,033   | (38,967)                  |
| TOTAL TREASURER            | 4,692,939          | 4,692,939         | 4,507,651 | (185,288)                 |

**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL       | OVER<br>(UNDER)<br>BUDGET |
|--|--------------------|-------------------|--------------|---------------------------|
| COMPUTER FACILITY                          |                    |                   |              |                           |
| Charges for services                       | \$ 18,500          | \$ 18,500         | \$ 15,908    | \$ (2,592)                |
| COOPERATIVE EXTENSION                      |                    |                   |              |                           |
| Intergovernmental:                         |                    |                   |              |                           |
| State - MDA                                | 13,794             | 13,794            | 1,012        | (12,782)                  |
| SHERIFF                                    |                    |                   |              |                           |
| Licenses and permits                       | 7,500              | 7,500             | 8,646        | 1,146                     |
| Charges for services                       | 55,500             | 55,500            | 27,406       | (28,094)                  |
| Other                                      | 500                | 500               | 1,032        | 532                       |
| TOTAL SHERIFF                              | 63,500             | 63,500            | 37,084       | (26,416)                  |
| MARINE SAFETY                              |                    |                   |              |                           |
| Intergovernmental:                         |                    |                   |              |                           |
| State                                      | 18,000             | 18,000            | 17,193       | (807)                     |
| Other                                      | 1,200              | 1,200             | 810          | (390)                     |
| TOTAL MARINE SAFETY                        | 19,200             | 19,200            | 18,003       | (1,197)                   |
| JAIL                                       |                    |                   |              |                           |
| Charges for services                       | 105,500            | 105,500           | 111,190      | 5,690                     |
| EMERGENCY SERVICES                         |                    |                   |              |                           |
| Intergovernmental:                         |                    |                   |              |                           |
| Federal                                    | 147,276            | 169,276           | 150,034      | (19,242)                  |
| ANIMAL SHELTER                             |                    |                   |              |                           |
| Charges for services                       | 8,605              | 8,605             | 8,179        | (426)                     |
| ANIMAL CONTROL                             |                    |                   |              |                           |
| Charges for services                       | 1,400              | 1,400             | 477          | (923)                     |
| TOTAL REVENUES                             | 6,235,242          | 6,257,242         | 6,072,569    | (184,673)                 |
| OTHER FINANCING SOURCES                    |                    |                   |              |                           |
| Transfers in                               | 602,383            | 692,011           | 635,152      | (56,859)                  |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | \$ 6,837,625       | \$ 6,949,253      | \$ 6,707,721 | \$ (241,532)              |

**IOSCO COUNTY, MICHIGAN**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

|                                      | ORIGINAL<br>BUDGET | AMENDED<br>BUDGET | ACTUAL     | OVER<br>(UNDER)<br>BUDGET |
|--------------------------------------|--------------------|-------------------|------------|---------------------------|
| LEGISLATIVE                          |                    |                   |            |                           |
| Board of Commissioners               | \$ 103,860         | \$ 103,860        | \$ 102,462 | \$ (1,398)                |
| JUDICIAL                             |                    |                   |            |                           |
| Circuit Court                        | 441,205            | 441,205           | 344,712    | (96,493)                  |
| District Court                       | 386,945            | 389,396           | 410,604    | 21,208                    |
| Probate Court                        | 382,854            | 384,254           | 395,511    | 11,257                    |
| Decisions to action                  | 62,200             | 62,663            | 58,599     | (4,064)                   |
| Jury Commission                      | 5,300              | 5,300             | 4,712      | (588)                     |
| TOTAL JUDICIAL                       | 1,278,504          | 1,282,818         | 1,214,138  | (68,680)                  |
| GENERAL GOVERNMENT                   |                    |                   |            |                           |
| County memberships                   | 7,010              | 7,010             | 6,756      | (254)                     |
| Elections                            | 17,795             | 17,795            | 24,616     | 6,821                     |
| County counsel                       | 25,000             | 25,000            | 29,169     | 4,169                     |
| County clerk                         | 249,564            | 249,564           | 249,637    | 73                        |
| Equalization department              | 146,399            | 146,399           | 140,151    | (6,248)                   |
| Prosecuting attorney                 | 199,588            | 199,588           | 201,302    | 1,714                     |
| Cooperative reimbursement program    | 36,452             | 36,452            | 36,368     | (84)                      |
| Register of deeds                    | 152,550            | 152,550           | 147,954    | (4,596)                   |
| Remonumentation project              | 37,133             | 57,761            | 57,761     | -                         |
| County treasurer                     | 175,245            | 175,245           | 171,516    | (3,729)                   |
| Cooperative extension service        | 131,036            | 131,274           | 93,275     | (37,999)                  |
| Computer facility                    | 100,834            | 100,614           | 101,894    | 1,280                     |
| County building and grounds          | 614,232            | 638,232           | 535,744    | (102,488)                 |
| Drain Commissioner                   | 66,889             | 67,233            | 65,737     | (1,496)                   |
| Planning Commission                  | 3,577              | 3,577             | 1,826      | (1,751)                   |
| Soil conservation                    | 8,260              | 8,260             | 8,260      | -                         |
| MERS contribution                    | 1,012,386          | 1,012,386         | 1,001,395  | (10,991)                  |
| Miscellaneous                        | 51,600             | 56,600            | 55,827     | (773)                     |
| TOTAL GENERAL GOVERNMENT             | 3,035,550          | 3,085,540         | 2,929,188  | (156,352)                 |
| PUBLIC SAFETY                        |                    |                   |            |                           |
| Sheriff department                   | 271,992            | 271,992           | 286,167    | 14,175                    |
| Cooperative extension - Marine agent | 15,062             | 15,062            | 14,637     | (425)                     |
| Department of corrections            | 275                | 275               | 261        | (14)                      |
| Jail                                 | 946,746            | 946,746           | 1,034,548  | 87,802                    |
| Emergency services office            | 31,241             | 53,241            | 70,780     | 17,539                    |
| Animal control                       | 50,318             | 50,318            | 51,589     | 1,271                     |
| Animal shelter                       | 77,902             | 77,902            | 77,450     | (452)                     |
| Local emergency planning             | 1,750              | 1,750             | 929        | (821)                     |
| Marine safety                        | 32,662             | 32,662            | 20,910     | (11,752)                  |
| TOTAL PUBLIC SAFETY                  | 1,427,948          | 1,449,948         | 1,557,271  | 107,323                   |

**IOSCO COUNTY, MICHIGAN  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | ORIGINAL<br>BUDGET  | AMENDED<br>BUDGET   | ACTUAL              | OVER<br>(UNDER)<br>BUDGET |
|--|---------------------|---------------------|---------------------|---------------------------|
| <b>PUBLIC WORKS</b>                                |                     |                     |                     |                           |
| Department of Public Works                         | \$ 1,500            | \$ 1,500            | \$ 211              | \$ (1,289)                |
| <b>HEALTH AND WELFARE</b>                          |                     |                     |                     |                           |
| District health                                    | 184,503             | 184,503             | 177,900             | (6,603)                   |
| Mental Health                                      | 69,070              | 69,070              | 69,070              | -                         |
| Substance Abuse Agency                             | 75,000              | 75,000              | 78,319              | 3,319                     |
| Medical examiner                                   | 22,000              | 22,000              | 32,999              | 10,999                    |
| Veterans burials and foundations                   | 8,000               | 7,570               | 9,260               | 1,690                     |
| Veterans counselor                                 | 10,333              | 10,763              | 10,583              | (180)                     |
| <b>TOTAL HEALTH AND WELFARE</b>                    | <b>368,906</b>      | <b>368,906</b>      | <b>378,131</b>      | <b>9,225</b>              |
| <b>CULTURE AND RECREATION</b>                      |                     |                     |                     |                           |
| Parks and Recreations Board                        | 5,550               | 5,550               | 4,395               | (1,155)                   |
| <b>CAPITAL OUTLAY</b>                              | <b>43,296</b>       | <b>41,916</b>       | <b>18,241</b>       | <b>(23,675)</b>           |
| <b>OTHER</b>                                       | <b>41,800</b>       | <b>28,410</b>       | <b>1,343</b>        | <b>(27,067)</b>           |
| <b>DEBT SERVICE</b>                                |                     |                     |                     |                           |
| Principal  | -                   | -                   | 138,087             | 138,087                   |
| Interest   | -                   | -                   | 20,768              | 20,768                    |
| <b>TOTAL DEBT SERVICE</b>                          | <b>-</b>            | <b>-</b>            | <b>158,855</b>      | <b>158,855</b>            |
| <b>TOTAL EXPENDITURES</b>                          | <b>6,306,914</b>    | <b>6,368,448</b>    | <b>6,364,235</b>    | <b>(4,213)</b>            |
| <b>TRANSFERS OUT</b>                               |                     |                     |                     |                           |
| Public Safety Building                             | 4,100               | 4,100               | 4,100               | -                         |
| Law Library  | 2,500               | 2,500               | 3,585               | 1,085                     |
| Airport  | 10,000              | 10,000              | 10,986              | 986                       |
| Crime Victims                                      | 7,952               | 7,952               | 19,051              | 11,099                    |
| Wraparound Coordinator                             | 37,159              | 37,159              | 44,781              | 7,622                     |
| Child Care   | 470,000             | 470,000             | 366,683             | (103,317)                 |
| Friend of Court                                    | -                   | 50,000              | 53,495              | 3,495                     |
| <b>TOTAL TRANSFERS OUT</b>                         | <b>531,711</b>      | <b>581,711</b>      | <b>502,681</b>      | <b>(79,030)</b>           |
| <b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b> | <b>\$ 6,838,625</b> | <b>\$ 6,950,159</b> | <b>\$ 6,866,916</b> | <b>\$ (83,243)</b>        |

**IOSCO COUNTY, MICHIGAN  
COMBINED BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

|  | Special<br>Revenue<br>Funds | Debt<br>Service   | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|-------------------|-----------------------------|--|
| <u>ASSETS</u>                            |                             |                   |                             |  |
| Cash and cash equivalents                | \$ 2,430,053                | \$ 433,202        | \$ 9,528                    | \$ 2,872,783                               |
| Investments                              | 80,000                      | -                 | -                           | 80,000                                     |
| Taxes receivable                         | -                           | 348,963           | -                           | 348,963                                    |
| Loans receivable                         | 380,297                     | -                 | -                           | 380,297                                    |
| Interest receivable                      | 2,929                       | -                 | -                           | 2,929                                      |
| Accounts receivable                      | 74,947                      | -                 | -                           | 74,947                                     |
| Prepaid expenditures                     | 7,500                       | -                 | -                           | 7,500                                      |
| Due from other funds                     | 170,485                     | -                 | -                           | 170,485                                    |
| Due from other governments               | 202,531                     | -                 | -                           | 202,531                                    |
| <u>TOTAL ASSETS</u>                      | <u>\$ 3,348,742</u>         | <u>\$ 782,165</u> | <u>\$ 9,528</u>             | <u>\$ 4,140,435</u>                        |
| <u>LIABILITIES AND FUND EQUITY</u>       |                             |                   |                             |  |
| <u>LIABILITIES</u>                       |                             |                   |                             |  |
| Accounts payable                         | \$ 65,260                   | \$ -              | \$ -                        | \$ 65,260                                  |
| Accrued liabilities and advances         | 21,328                      | -                 | -                           | 21,328                                     |
| Due to other funds                       | 149,693                     | -                 | -                           | 149,693                                    |
| Deferred revenue                         | 380,297                     | 348,963           | 9,528                       | 738,788                                    |
| <u>TOTAL LIABILITIES</u>                 | <u>616,578</u>              | <u>348,963</u>    | <u>9,528</u>                | <u>975,069</u>                             |
| <u>FUND EQUITY</u>                       |                             |                   |                             |  |
| Fund balances:                           |                             |                   |                             |  |
| Reserved                                 | 52,489                      | 433,202           | -                           | 485,691                                    |
| Unreserved:                              |                             |                   |                             |  |
| Undesignated                             | 2,679,675                   | -                 | -                           | 2,679,675                                  |
| <u>TOTAL FUND BALANCE</u>                | <u>2,732,164</u>            | <u>433,202</u>    | <u>-</u>                    | <u>3,165,366</u>                           |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$ 3,348,742</u>         | <u>\$ 782,165</u> | <u>\$ 9,528</u>             | <u>\$ 4,140,435</u>                        |



**IOSCO COUNTY, MICHIGAN**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Special<br>Revenue<br>Funds | Debt<br>Service | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------------|-----------------|-----------------------------|--|
| REVENUES   |                             |                 |                             |  |
| Taxes  | \$ -                        | \$ 324,239      | \$ -                        | \$ 324,239                                 |
| Licenses and permits                             | 234,031                     | -               | -                           | 234,031                                    |
| Intergovernmental:                               |                             |                 |                             |  |
| Federal grants                                   | 649,670                     | -               | -                           | 649,670                                    |
| State grants                                     | 435,439                     | -               | -                           | 435,439                                    |
| Contributions from local units                   | 67,565                      | -               | -                           | 67,565                                     |
| Charges for services                             | 764,174                     | -               | -                           | 764,174                                    |
| Fines and forfeits                               | 3,500                       | -               | -                           | 3,500                                      |
| Interest   | 89,533                      | -               | -                           | 89,533                                     |
| Reimbursements and refunds                       | 225,131                     | -               | -                           | 225,131                                    |
| Other  | -                           | 21,679          | -                           | 21,679                                     |
| TOTAL REVENUES                                   | 2,469,043                   | 345,918         | -                           | 2,814,961                                  |
| EXPENDITURES                                     |                             |                 |                             |  |
| Judicial   | 637,151                     | -               | -                           | 637,151                                    |
| General government                               | 138,652                     | -               | -                           | 138,652                                    |
| Public safety                                    | 1,084,731                   | -               | -                           | 1,084,731                                  |
| Public works                                     | 29,140                      | -               | -                           | 29,140                                     |
| Health and welfare                               | 1,032,124                   | -               | -                           | 1,032,124                                  |
| Culture and recreation                           | 22,892                      | -               | -                           | 22,892                                     |
| Capital outlay                                   | 48,595                      | -               | -                           | 48,595                                     |
| Debt service - principal                         | 26,804                      | 75,000          | -                           | 101,804                                    |
| Debt service - interest and charges              | 6,254                       | 154,575         | -                           | 160,829                                    |
| TOTAL EXPENDITURES                               | 3,026,343                   | 229,575         | -                           | 3,255,918                                  |
| REVENUES OVER (UNDER) EXPENDITURES               | (557,300)                   | 116,343         | -                           | (440,957)                                  |
| OTHER FINANCING SOURCES (USES)                   |                             |                 |                             |  |
| Transfers in                                     | 564,901                     | -               | -                           | 564,901                                    |
| Transfers (out)                                  | (85,609)                    | -               | -                           | (85,609)                                   |
| TOTAL OTHER FINANCING SOURCES (USES)             | 479,292                     | -               | -                           | 479,292                                    |
| NET CHANGE IN FUND BALANCES                      | (78,008)                    | 116,343         | -                           | 38,335                                     |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 2,810,172                   | 316,859         | -                           | 3,127,031                                  |
| FUND BALANCES, END OF YEAR                       | \$ 2,732,164                | \$ 433,202      | \$ -                        | \$ 3,165,366                               |

**IOSCO COUNTY, MICHIGAN  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2006**

|  | E-911<br>WIRELESS<br>TRAINING GRANT |       | E-911      | PUBLIC<br>SAFETY<br>BUILDING |            | E911<br>WIRELESS | MEDICAL<br>SUPPORT |
|--|-------------------------------------|-------|------------|------------------------------|------------|------------------|--------------------|
| <u>ASSETS</u>                            |                                     |       |            |                              |            |                  |                    |
| Cash and cash equivalents                | \$                                  | 9,700 | \$ 361,139 | \$ 59,994                    | \$ 264,174 | \$               | -                  |
| Investments - cash equivalents           |                                     | -     | -          | -                            | -          |                  | -                  |
| Loan receivable                          |                                     | -     | -          | -                            | -          |                  | -                  |
| Interest receivable                      |                                     | -     | -          | -                            | -          |                  | -                  |
| Accounts receivable                      |                                     | -     | 49,014     | -                            | -          |                  | -                  |
| Prepaid expenses                         |                                     | -     | -          | -                            | -          |                  | -                  |
| Due from other funds                     |                                     | -     | 423        | -                            | -          |                  | -                  |
| Due from State                           |                                     | -     | -          | -                            | 28,470     |                  | -                  |
| <u>TOTAL ASSETS</u>                      | \$                                  | 9,700 | \$ 410,576 | \$ 59,994                    | \$ 292,644 | \$               | -                  |
|  |                                     |       |            |                              |            |                  |                    |
| <u>LIABILITIES AND FUND EQUITY</u>       |                                     |       |            |                              |            |                  |                    |
| LIABILITIES                              |                                     |       |            |                              |            |                  |                    |
| Accounts payable                         | \$                                  | -     | \$ 3,509   | \$ 1,406                     | \$ 264     | \$               | -                  |
| Accrued liabilities and advances         |                                     | -     | 6,462      | -                            | 1,132      |                  | -                  |
| Due to other funds                       |                                     | -     | -          | -                            | -          |                  | -                  |
| Deferred revenue                         |                                     | -     | -          | -                            | -          |                  | -                  |
| <u>TOTAL LIABILITIES</u>                 |                                     | -     | 9,971      | 1,406                        | 1,396      |                  | -                  |
| FUND EQUITY                              |                                     |       |            |                              |            |                  |                    |
| Fund balances:                           |                                     |       |            |                              |            |                  |                    |
| Reserved                                 |                                     | -     | -          | -                            | -          |                  | -                  |
| Unreserved:                              |                                     |       |            |                              |            |                  |                    |
| Undesignated                             |                                     | 9,700 | 400,605    | 58,588                       | 291,248    |                  | -                  |
| <u>TOTAL FUND BALANCES</u>               |                                     | 9,700 | 400,605    | 58,588                       | 291,248    |                  | -                  |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | \$                                  | 9,700 | \$ 410,576 | \$ 59,994                    | \$ 292,644 | \$               | -                  |

| FRIEND<br>OF THE<br>COURT | PROBATE<br>GUARDIAN<br>FUND | INTENSIVE<br>COMMUNITY<br>TREATMENT | MARRIAGE<br>COUNSELING | GYPSY<br>MOTH | BUILDING<br>AND SAFETY | BUILDING<br>IMPROVEMENT<br>FUND |
|---------------------------|-----------------------------|-------------------------------------|------------------------|---------------|------------------------|---------------------------------|
| \$ -                      | \$ 59,531                   | \$ -                                | \$ 50,237              | \$ 41,793     | \$ 98,934              | \$ 1,028,346                    |
| -                         | -                           | -                                   | -                      | -             | -                      | -                               |
| -                         | -                           | -                                   | -                      | -             | -                      | -                               |
| -                         | -                           | -                                   | -                      | -             | -                      | -                               |
| 16,444                    | -                           | -                                   | -                      | -             | -                      | -                               |
| -                         | -                           | -                                   | -                      | -             | -                      | 7,500                           |
| -                         | -                           | 7,622                               | -                      | -             | -                      | 147,212                         |
| 110,597                   | -                           | -                                   | -                      | -             | -                      | -                               |
| \$ 127,041                | \$ 59,531                   | \$ 7,622                            | \$ 50,237              | \$ 41,793     | \$ 98,934              | \$ 1,183,058                    |

|            |           |          |           |           |           |              |
|------------|-----------|----------|-----------|-----------|-----------|--------------|
| \$ 436     | \$ 809    | \$ -     | \$ -      | \$ -      | \$ 1,988  | \$ -         |
| 6,303      | -         | -        | -         | -         | 4,056     | -            |
| 117,279    | 423       | 7,622    | -         | -         | -         | -            |
| -          | -         | -        | -         | -         | -         | -            |
| 124,018    | 1,232     | 7,622    | -         | -         | 6,044     | -            |
| -          | -         | -        | -         | -         | -         | 7,500        |
| 3,023      | 58,299    | -        | 50,237    | 41,793    | 92,890    | 1,175,558    |
| 3,023      | 58,299    | -        | 50,237    | 41,793    | 92,890    | 1,183,058    |
| \$ 127,041 | \$ 59,531 | \$ 7,622 | \$ 50,237 | \$ 41,793 | \$ 98,934 | \$ 1,183,058 |

continued

**IOSCO COUNTY, MICHIGAN  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2006**

|  | OUIL<br>RESTITUTION | REGISTER<br>OF DEEDS<br>TECHNOLOGY | DISASTER<br>CONTINGENCY<br>FUND | CRIME VICTIMS<br>RIGHTS<br>FUND | LOCAL<br>CORRECTIONAL<br>TRAINING |
|--|---------------------|------------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| <u>ASSETS</u>                            |                     |                                    |                                 |                                 |                                   |
| Cash and cash equivalents                | \$ 7,386            | \$ 30,213                          | \$ 557                          | \$ -                            | \$ 15,025                         |
| Investments - cash equivalents           | -                   | -                                  | -                               | -                               | -                                 |
| Loan receivable                          | -                   | -                                  | -                               | -                               | -                                 |
| Interest receivable                      | -                   | -                                  | -                               | -                               | -                                 |
| Accounts receivable                      | -                   | -                                  | -                               | -                               | -                                 |
| Prepaid expenditures                     | -                   | -                                  | -                               | -                               | -                                 |
| Due from other funds                     | -                   | -                                  | -                               | 11,099                          | -                                 |
| Due from State                           | -                   | -                                  | -                               | 3,000                           | -                                 |
| <u>TOTAL ASSETS</u>                      | <u>\$ 7,386</u>     | <u>\$ 30,213</u>                   | <u>\$ 557</u>                   | <u>\$ 14,099</u>                | <u>\$ 15,025</u>                  |
| <u>LIABILITIES AND FUND EQUITY</u>       |                     |                                    |                                 |                                 |                                   |
| LIABILITIES                              |                     |                                    |                                 |                                 |                                   |
| Accounts payable                         | \$ 1,541            | \$ -                               | \$ -                            | \$ 4                            | \$ 168                            |
| Accrued liabilities and advances         | 161                 | -                                  | -                               | 515                             | -                                 |
| Due to other funds                       | -                   | -                                  | -                               | 13,580                          | -                                 |
| Deferred revenue                         | -                   | -                                  | -                               | -                               | -                                 |
| <u>TOTAL LIABILITIES</u>                 | <u>1,702</u>        | <u>-</u>                           | <u>-</u>                        | <u>14,099</u>                   | <u>168</u>                        |
| FUND EQUITY                              |                     |                                    |                                 |                                 |                                   |
| Fund balances:                           |                     |                                    |                                 |                                 |                                   |
| Reserved                                 | -                   | -                                  | -                               | -                               | -                                 |
| Unreserved:                              |                     |                                    |                                 |                                 |                                   |
| Undesignated                             | 5,684               | 30,213                             | 557                             | -                               | 14,857                            |
| <u>TOTAL FUND BALANCES</u>               | <u>5,684</u>        | <u>30,213</u>                      | <u>557</u>                      | <u>-</u>                        | <u>14,857</u>                     |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$ 7,386</u>     | <u>\$ 30,213</u>                   | <u>\$ 557</u>                   | <u>\$ 14,099</u>                | <u>\$ 15,025</u>                  |

| DRUG<br>ENFORCEMENT | LAW<br>LIBRARY<br>FUND | TRAIL<br>GROOMING | MSHDA<br>FUND | ICHRRLP<br>FUND | JAIBG    | MICHIGAN<br>JUSTICE<br>TRAINING |
|---------------------|------------------------|-------------------|---------------|-----------------|----------|---------------------------------|
| \$ 2,400            | \$ -                   | \$ 705            | \$ 31,791     | \$ 187,295      | \$ -     | \$ 9,427                        |
| -                   | -                      | -                 | -             | 80,000          | -        | -                               |
| -                   | -                      | -                 | 64,576        | 86,889          | -        | -                               |
| -                   | -                      | -                 | -             | 2,929           | -        | -                               |
| -                   | 1,750                  | -                 | -             | -               | -        | -                               |
| -                   | -                      | -                 | -             | -               | -        | -                               |
| -                   | 1,085                  | -                 | -             | 2,058           | -        | -                               |
| -                   | -                      | 17,386            | -             | -               | 5,538    | -                               |
| \$ 2,400            | \$ 2,835               | \$ 18,091         | \$ 96,367     | \$ 359,171      | \$ 5,538 | \$ 9,427                        |
| \$ -                | \$ 273                 | \$ 12,129         | \$ 237        | \$ 162          | \$ -     | \$ -                            |
| -                   | -                      | -                 | 511           | 294             | -        | -                               |
| -                   | 2,562                  | -                 | 2,058         | -               | -        | -                               |
| -                   | -                      | -                 | 64,576        | 86,889          | -        | -                               |
| -                   | 2,835                  | 12,129            | 67,382        | 87,345          | -        | -                               |
| -                   | -                      | -                 | -             | -               | 5,538    | 9,427                           |
| 2,400               | -                      | 5,962             | 28,985        | 271,826         | -        | -                               |
| 2,400               | -                      | 5,962             | 28,985        | 271,826         | 5,538    | 9,427                           |
| \$ 2,400            | \$ 2,835               | \$ 18,091         | \$ 96,367     | \$ 359,171      | \$ 5,538 | \$ 9,427                        |

continued

**IOSCO COUNTY, MICHIGAN**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2006**

|  | FAMILY<br>INDEPENDENCE<br>AGENCY | CHILD<br>CARE<br>FUND | VETERANS<br>RELIEF<br>FUND | VETERANS<br>TRUST<br>FUND | COUNTY<br>AIRPORT<br>FUND |
|--|----------------------------------|-----------------------|----------------------------|---------------------------|---------------------------|
| <u>ASSETS</u>                            |                                  |                       |                            |                           |                           |
| Cash and cash equivalents                | \$ 13,741                        | \$ 4,136              | \$ 330                     | \$ 1,553                  | \$ -                      |
| Investments - cash equivalents           | -                                | -                     | -                          | -                         | -                         |
| Loan receivable                          | -                                | -                     | -                          | -                         | -                         |
| Interest receivable                      | -                                | -                     | -                          | -                         | -                         |
| Accounts receivable                      | -                                | -                     | -                          | -                         | 7,739                     |
| Prepaid expenditures                     | -                                | -                     | -                          | -                         | -                         |
| Due from other funds                     | -                                | -                     | -                          | -                         | 986                       |
| Due from State                           | -                                | 37,540                | -                          | -                         | -                         |
| <u>TOTAL ASSETS</u>                      | <u>\$ 13,741</u>                 | <u>\$ 41,676</u>      | <u>\$ 330</u>              | <u>\$ 1,553</u>           | <u>\$ 8,725</u>           |
| <u>LIABILITIES AND FUND EQUITY</u>       |                                  |                       |                            |                           |                           |
| LIABILITIES                              |                                  |                       |                            |                           |                           |
| Accounts payable                         | \$ -                             | \$ 39,778             | \$ -                       | \$ -                      | \$ 2,556                  |
| Accrued liabilities and advances         | -                                | 1,894                 | -                          | -                         | -                         |
| Due to other funds                       | -                                | -                     | -                          | -                         | 6,169                     |
| Deferred revenue                         | -                                | -                     | -                          | -                         | -                         |
| <u>TOTAL LIABILITIES</u>                 | <u>-</u>                         | <u>41,672</u>         | <u>-</u>                   | <u>-</u>                  | <u>8,725</u>              |
| FUND EQUITY                              |                                  |                       |                            |                           |                           |
| Fund balances:                           |                                  |                       |                            |                           |                           |
| Reserved                                 | 13,741                           | -                     | -                          | 1,553                     | -                         |
| Unreserved:                              |                                  |                       |                            |                           |                           |
| Undesignated                             | -                                | 4                     | 330                        | -                         | -                         |
| <u>TOTAL FUND BALANCES</u>               | <u>13,741</u>                    | <u>4</u>              | <u>330</u>                 | <u>1,553</u>              | <u>-</u>                  |
| <u>TOTAL LIABILITIES AND FUND EQUITY</u> | <u>\$ 13,741</u>                 | <u>\$ 41,676</u>      | <u>\$ 330</u>              | <u>\$ 1,553</u>           | <u>\$ 8,725</u>           |

| PLAT BOOK<br>REVOLVING<br>FUND | ECONOMIC<br>REVOLVING<br>LOAN FUND | ECONOMIC<br>REVOLVING<br>LOAN #3 FUND | EDC<br>ADMINISTRATION | SPECIAL<br>INVESTIGATIVE | TOTAL        |
|--------------------------------|------------------------------------|---------------------------------------|-----------------------|--------------------------|--------------|
| \$ 14,730                      | \$ 130,547                         | \$ 3,691                              | \$ -                  | \$ 2,678                 | \$ 2,430,053 |
| -                              | -                                  | -                                     | -                     | -                        | 80,000       |
| -                              | 202,417                            | 26,415                                | -                     | -                        | 380,297      |
| -                              | -                                  | -                                     | -                     | -                        | 2,929        |
| -                              | -                                  | -                                     | -                     | -                        | 74,947       |
| -                              | -                                  | -                                     | -                     | -                        | 7,500        |
| -                              | -                                  | -                                     | -                     | -                        | 170,485      |
| -                              | -                                  | -                                     | -                     | -                        | 202,531      |
| \$ 14,730                      | \$ 332,964                         | \$ 30,106                             | \$ -                  | \$ 2,678                 | \$ 3,348,742 |

|           |            |           |      |          |              |
|-----------|------------|-----------|------|----------|--------------|
| \$ -      | \$ -       | \$ -      | \$ - | \$ -     | \$ 65,260    |
| -         | -          | -         | -    | -        | 21,328       |
| -         | -          | -         | -    | -        | 149,693      |
| -         | 202,417    | 26,415    | -    | -        | 380,297      |
| -         | 202,417    | 26,415    | -    | -        | 616,578      |
| 14,730    | -          | -         | -    | -        | 52,489       |
| -         | 130,547    | 3,691     | -    | 2,678    | 2,679,675    |
| 14,730    | 130,547    | 3,691     | -    | 2,678    | 2,732,164    |
| \$ 14,730 | \$ 332,964 | \$ 30,106 | \$ - | \$ 2,678 | \$ 3,348,742 |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | E-911 Wireless Training Grant |                   |                 |                           |
|--|-------------------------------|-------------------|-----------------|---------------------------|
|  | Original<br>Budget            | Amended<br>Budget | Actual          | Over<br>(Under)<br>Budget |
| <b>REVENUES</b>  |                               |                   |                 |                           |
| Licenses and permits                                     | \$ -                          | \$ -              | \$ -            | \$ -                      |
| Intergovernmental:                                       |                               |                   |                 |                           |
| Federal grants   | -                             | -                 | -               | -                         |
| State grants   | 6,700                         | 6,700             | 10,379          | 3,679                     |
| Contributions from local units                           | -                             | -                 | -               | -                         |
| Charges for services                                     | -                             | -                 | -               | -                         |
| Fines and forfeits                                       | -                             | -                 | -               | -                         |
| Interest   | -                             | -                 | -               | -                         |
| Other  | -                             | -                 | -               | -                         |
| <b>TOTAL REVENUES</b>                                    | <b>6,700</b>                  | <b>6,700</b>      | <b>10,379</b>   | <b>3,679</b>              |
| <b>EXPENDITURES</b>                                      |                               |                   |                 |                           |
| Judicial   | -                             | -                 | -               | -                         |
| General government                                       | -                             | -                 | -               | -                         |
| Public safety  | -                             | -                 | -               | -                         |
| Public works   | -                             | -                 | -               | -                         |
| Health and welfare                                       | 4,500                         | 4,500             | 4,173           | (327)                     |
| Culture and recreation                                   | -                             | -                 | -               | -                         |
| Capital outlay   | -                             | -                 | -               | -                         |
| Debt service principal                                   | -                             | -                 | -               | -                         |
| Debt service interest expense                            | -                             | -                 | -               | -                         |
| <b>TOTAL EXPENDITURES</b>                                | <b>4,500</b>                  | <b>4,500</b>      | <b>4,173</b>    | <b>(327)</b>              |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>                | <b>2,200</b>                  | <b>2,200</b>      | <b>6,206</b>    | <b>4,006</b>              |
| <b>OTHER FINANCING SOURCES (USES)</b>                    |                               |                   |                 |                           |
| Transfers in   | -                             | -                 | 3,494           | 3,494                     |
| Transfer (out)   | -                             | -                 | -               | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>              | <b>-</b>                      | <b>-</b>          | <b>3,494</b>    | <b>3,494</b>              |
| <b>NET CHANGE IN FUND BALANCES</b>                       | <b>2,200</b>                  | <b>2,200</b>      | <b>9,700</b>    | <b>7,500</b>              |
| <b>FUND BALANCES, BEGINNING OF YEAR,<br/>AS RESTATED</b> | <b>-</b>                      | <b>-</b>          | <b>-</b>        | <b>-</b>                  |
| <b>FUND BALANCES, END OF YEAR</b>                        | <b>\$ 2,200</b>               | <b>\$ 2,200</b>   | <b>\$ 9,700</b> | <b>\$ 7,500</b>           |



| E-911              |                   |            |                           | Public Safety Building |                   |           |                           |
|--------------------|-------------------|------------|---------------------------|------------------------|-------------------|-----------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual     | Over<br>(Under)<br>Budget | Original<br>Budget     | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -       | \$ -                      | \$ -                   | \$ -              | \$ -      | \$ -                      |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 579,461            | 579,461           | 570,265    | (9,196)                   | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 2,500              | 2,500             | 13,452     | 10,952                    | -                      | -                 | -         | -                         |
| 10                 | 10                | 1,115      | 1,105                     | -                      | -                 | -         | -                         |
| 581,971            | 581,971           | 584,832    | 2,861                     | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 566,068            | 566,068           | 562,799    | (3,269)                   | 28,242                 | 28,242            | 20,049    | (8,193)                   |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 2,550              | 5,490             | 2,927      | (2,563)                   | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| -                  | -                 | -          | -                         | -                      | -                 | -         | -                         |
| 568,618            | 571,558           | 565,726    | (5,832)                   | 28,242                 | 28,242            | 20,049    | (8,193)                   |
| 13,353             | 10,413            | 19,106     | 8,693                     | (28,242)               | (28,242)          | (20,049)  | 8,193                     |
| -                  | 2,940             | -          | (2,940)                   | 28,375                 | 28,375            | 28,375    | -                         |
| (8,725)            | (8,725)           | (8,725)    | -                         | -                      | -                 | -         | -                         |
| (8,725)            | (5,785)           | (8,725)    | (2,940)                   | 28,375                 | 28,375            | 28,375    | -                         |
| 4,628              | 4,628             | 10,381     | 5,753                     | 133                    | 133               | 8,326     | 8,193                     |
| 390,224            | 390,224           | 390,224    | -                         | 50,262                 | 50,262            | 50,262    | -                         |
| \$ 394,852         | \$ 394,852        | \$ 400,605 | \$ 5,753                  | \$ 50,395              | \$ 50,395         | \$ 58,588 | \$ 8,193                  |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | E-911 Wireless     |                   |                |                           |
|--|--------------------|-------------------|----------------|---------------------------|
|  | Original<br>Budget | Amended<br>Budget | Actual         | Over<br>(Under)<br>Budget |
| REVENUES   |                    |                   |                |                           |
| Licenses and permits                             | \$ -               | \$ -              | \$ -           | \$ -                      |
| Intergovernmental:                               |                    |                   |                |                           |
| Federal grants                                   | -                  | -                 | -              | -                         |
| State grants                                     | 94,024             | 94,024            | 112,670        | 18,646                    |
| Contributions from local units                   | -                  | -                 | -              | -                         |
| Charges for services                             | -                  | -                 | -              | -                         |
| Fines and forfeits                               | -                  | -                 | -              | -                         |
| Interest   | 2,000              | 2,000             | 10,381         | 8,381                     |
| Other  | 1,179              | 1,179             | -              | (1,179)                   |
| <b>TOTAL REVENUES</b>                            | <b>97,203</b>      | <b>97,203</b>     | <b>123,051</b> | <b>25,848</b>             |
| EXPENDITURES                                     |                    |                   |                |                           |
| Judicial   | -                  | -                 | -              | -                         |
| General government                               | -                  | -                 | -              | -                         |
| Public safety                                    | 97,203             | 97,203            | 93,631         | (3,572)                   |
| Public works                                     | -                  | -                 | -              | -                         |
| Health and welfare                               | -                  | -                 | -              | -                         |
| Culture and recreation                           | -                  | -                 | -              | -                         |
| Capital outlay                                   | -                  | -                 | -              | -                         |
| Debt service principal                           | -                  | -                 | -              | -                         |
| Debt service interest expense                    | -                  | -                 | -              | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>97,203</b>      | <b>97,203</b>     | <b>93,631</b>  | <b>(3,572)</b>            |
| REVENUES OVER (UNDER) EXPENDITURES               | -                  | -                 | 29,420         | 29,420                    |
| OTHER FINANCING SOURCES (USES)                   |                    |                   |                |                           |
| Transfers in                                     | -                  | -                 | -              | -                         |
| Transfer (out)                                   | -                  | -                 | (3,494)        | (3,494)                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>-</b>           | <b>-</b>          | <b>(3,494)</b> | <b>(3,494)</b>            |
| NET CHANGE IN FUND BALANCES                      | -                  | -                 | 25,926         | 25,926                    |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 265,322            | 265,322           | 265,322        | -                         |
| FUND BALANCES, END OF YEAR                       | \$ 265,322         | \$ 265,322        | \$ 291,248     | \$ 25,926                 |

| Medical Support    |                   |        |                           |  | Friend of the Court |                   |          |                           |  |
|--------------------|-------------------|--------|---------------------------|--|---------------------|-------------------|----------|---------------------------|--|
| Original<br>Budget | Amended<br>Budget | Actual | Over<br>(Under)<br>Budget |  | Original<br>Budget  | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |  |
| \$ -               | \$ -              | \$ -   | \$ -                      |  | \$ -                | \$ -              | \$ -     | \$ -                      |  |
| -                  | -                 | -      | -                         |  | 446,436             | 446,436           | 416,603  | (29,833)                  |  |
| -                  | -                 | -      | -                         |  | 5,158               | 5,158             | -        | (5,158)                   |  |
| -                  | -                 | -      | -                         |  | 81,159              | 81,159            | 67,565   | (13,594)                  |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | -        | -                         |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | -        | -                         |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | -        | -                         |  |
| -                  | -                 | -      | -                         |  | 28,000              | 28,000            | 34,269   | 6,269                     |  |
| -                  | -                 | -      | -                         |  | 560,753             | 560,753           | 518,437  | (42,316)                  |  |
| -                  | -                 | -      | -                         |  | 636,420             | 654,237           | 559,161  | (95,076)                  |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | -        | -                         |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | -        | -                         |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | -        | -                         |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | -        | -                         |  |
| -                  | -                 | -      | -                         |  | -                   | 3,495             | -        | (3,495)                   |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | 12,695   | 12,695                    |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | 5,122    | 5,122                     |  |
| -                  | -                 | -      | -                         |  | 636,420             | 657,732           | 576,978  | (80,754)                  |  |
| -                  | -                 | -      | -                         |  | (75,667)            | (96,979)          | (58,541) | 38,438                    |  |
| -                  | -                 | -      | -                         |  | 75,667              | 93,484            | 53,495   | (39,989)                  |  |
| -                  | -                 | -      | -                         |  | -                   | -                 | -        | -                         |  |
| -                  | -                 | -      | -                         |  | 75,667              | 93,484            | 53,495   | (39,989)                  |  |
| -                  | -                 | -      | -                         |  | -                   | (3,495)           | (5,046)  | (1,551)                   |  |
| -                  | -                 | -      | -                         |  | 8,069               | 8,069             | 8,069    | -                         |  |
| \$ -               | \$ -              | \$ -   | \$ -                      |  | \$ 8,069            | \$ 4,574          | \$ 3,023 | \$ (1,551)                |  |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Probate Guardian Fund |                   |               |                           |
|--|-----------------------|-------------------|---------------|---------------------------|
|  | Original<br>Budget    | Amended<br>Budget | Actual        | Over<br>(Under)<br>Budget |
| REVENUES   |                       |                   |               |                           |
| Licenses and permits                             | \$ -                  | \$ -              | \$ -          | \$ -                      |
| Intergovernmental:                               |                       |                   |               |                           |
| Federal grants                                   | -                     | -                 | -             | -                         |
| State grants                                     | -                     | -                 | -             | -                         |
| Contributions from local units                   | -                     | -                 | -             | -                         |
| Charges for services                             | 65,000                | 65,000            | 62,295        | (2,705)                   |
| Fines and forfeits                               | -                     | -                 | -             | -                         |
| Interest   | -                     | -                 | -             | -                         |
| Other  | -                     | -                 | -             | -                         |
| <b>TOTAL REVENUES</b>                            | <b>65,000</b>         | <b>65,000</b>     | <b>62,295</b> | <b>(2,705)</b>            |
| EXPENDITURES                                     |                       |                   |               |                           |
| Judicial   | 70,000                | 70,000            | 43,528        | (26,472)                  |
| General government                               | -                     | -                 | -             | -                         |
| Public safety                                    | -                     | -                 | -             | -                         |
| Public works                                     | -                     | -                 | -             | -                         |
| Health and welfare                               | -                     | -                 | -             | -                         |
| Culture and recreation                           | -                     | -                 | -             | -                         |
| Capital outlay                                   | -                     | -                 | -             | -                         |
| Debt service principal                           | -                     | -                 | -             | -                         |
| Debt service interest expense                    | -                     | -                 | -             | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>70,000</b>         | <b>70,000</b>     | <b>43,528</b> | <b>(26,472)</b>           |
| REVENUES OVER (UNDER) EXPENDITURES               | (5,000)               | (5,000)           | 18,767        | 23,767                    |
| OTHER FINANCING SOURCES (USES)                   |                       |                   |               |                           |
| Transfers in                                     | 5,000                 | 5,000             | -             | (5,000)                   |
| Transfer (out)                                   | -                     | -                 | -             | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>5,000</b>          | <b>5,000</b>      | <b>-</b>      | <b>(5,000)</b>            |
| NET CHANGE IN FUND BALANCES                      | -                     | -                 | 18,767        | 18,767                    |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 39,532                | 39,532            | 39,532        | -                         |
| FUND BALANCES, END OF YEAR                       | \$ 39,532             | \$ 39,532         | \$ 58,299     | \$ 18,767                 |

| Intensive Community Treatment |                |          |                     |  | Marriage Counseling |                |           |                     |  |
|-------------------------------|----------------|----------|---------------------|--|---------------------|----------------|-----------|---------------------|--|
| Original Budget               | Amended Budget | Actual   | Over (Under) Budget |  | Original Budget     | Amended Budget | Actual    | Over (Under) Budget |  |
| \$ -                          | \$ -           | \$ -     | \$ -                |  | \$ -                | \$ -           | \$ -      | \$ -                |  |
| -                             | -              | 56,937   | 56,937              |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | 2,400               | 2,400          | 4,215     | 1,815               |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | 56,937   | 56,937              |  | 2,400               | 2,400          | 4,215     | 1,815               |  |
| -                             | -              | 56,937   | 56,937              |  | 2,400               | 2,400          | 4,215     | 1,815               |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| 21,900                        | 21,900         | 101,718  | 79,818              |  | 2,400               | 2,400          | 800       | (1,600)             |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| 21,900                        | 21,900         | 101,718  | 79,818              |  | 2,400               | 2,400          | 800       | (1,600)             |  |
| (21,900)                      | (21,900)       | (44,781) | (22,881)            |  | -                   | -              | 3,415     | 3,415               |  |
| -                             | -              | 44,781   | 44,781              |  | -                   | -              | -         | -                   |  |
| -                             | -              | -        | -                   |  | -                   | -              | -         | -                   |  |
| -                             | -              | 44,781   | 44,781              |  | -                   | -              | -         | -                   |  |
| (21,900)                      | (21,900)       | -        | 21,900              |  | -                   | -              | 3,415     | 3,415               |  |
| -                             | -              | -        | -                   |  | 46,822              | 46,822         | 46,822    | -                   |  |
| \$ (21,900)                   | \$ (21,900)    | \$ -     | \$ 21,900           |  | \$ 46,822           | \$ 46,822      | \$ 50,237 | \$ 3,415            |  |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Gypsy Moth         |                   |               |                           |
|--|--------------------|-------------------|---------------|---------------------------|
|  | Original<br>Budget | Amended<br>Budget | Actual        | Over<br>(Under)<br>Budget |
| REVENUES   |                    |                   |               |                           |
| Licenses and permits                             | \$ -               | \$ -              | \$ -          | \$ -                      |
| Intergovernmental:                               |                    |                   |               |                           |
| Federal grants                                   | -                  | -                 | -             | -                         |
| State grants                                     | -                  | -                 | -             | -                         |
| Contributions from local units                   | -                  | -                 | -             | -                         |
| Charges for services                             | -                  | -                 | -             | -                         |
| Fines and forfeits                               | -                  | -                 | -             | -                         |
| Interest   | -                  | -                 | 1,941         | 1,941                     |
| Other  | -                  | -                 | -             | -                         |
| <b>TOTAL REVENUES</b>                            | <b>-</b>           | <b>-</b>          | <b>1,941</b>  | <b>1,941</b>              |
| EXPENDITURES                                     |                    |                   |               |                           |
| Judicial   | -                  | -                 | -             | -                         |
| General government                               | -                  | -                 | -             | -                         |
| Public safety                                    | -                  | -                 | -             | -                         |
| Public works                                     | -                  | -                 | -             | -                         |
| Health and welfare                               | 9,800              | 9,800             | 10,534        | 734                       |
| Culture and recreation                           | -                  | -                 | -             | -                         |
| Capital outlay                                   | -                  | -                 | -             | -                         |
| Debt service principal                           | -                  | -                 | -             | -                         |
| Debt service interest expense                    | -                  | -                 | -             | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>9,800</b>       | <b>9,800</b>      | <b>10,534</b> | <b>734</b>                |
| REVENUES OVER (UNDER) EXPENDITURES               | (9,800)            | (9,800)           | (8,593)       | 1,207                     |
| OTHER FINANCING SOURCES (USES)                   |                    |                   |               |                           |
| Transfers in                                     | -                  | -                 | -             | -                         |
| Transfer (out)                                   | -                  | -                 | -             | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>-</b>           | <b>-</b>          | <b>-</b>      | <b>-</b>                  |
| NET CHANGE IN FUND BALANCES                      | (9,800)            | (9,800)           | (8,593)       | 1,207                     |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 50,386             | 50,386            | 50,386        | -                         |
| FUND BALANCES, END OF YEAR                       | \$ 40,586          | \$ 40,586         | \$ 41,793     | \$ 1,207                  |

| Building and Safety |                   |            |                           | Building Improvement Fund |                   |              |                           |
|---------------------|-------------------|------------|---------------------------|---------------------------|-------------------|--------------|---------------------------|
| Original<br>Budget  | Amended<br>Budget | Actual     | Over<br>(Under)<br>Budget | Original<br>Budget        | Amended<br>Budget | Actual       | Over<br>(Under)<br>Budget |
| \$ 284,000          | \$ 284,000        | \$ 234,031 | \$ (49,969)               | \$ -                      | \$ -              | \$ -         | \$ -                      |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| 11,000              | 11,000            | 17,704     | 6,704                     | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | 15,000                    | 15,000            | 54,722       | 39,722                    |
| 500                 | 500               | 2,270      | 1,770                     | -                         | -                 | -            | -                         |
| 295,500             | 295,500           | 254,005    | (41,495)                  | 15,000                    | 15,000            | 54,722       | 39,722                    |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| 345,500             | 345,500           | 368,950    | 23,450                    | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| 1,070               | 1,070             | 4,565      | 3,495                     | 300,000                   | 231,000           | 23,833       | (207,167)                 |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| -                   | -                 | -          | -                         | -                         | -                 | -            | -                         |
| 346,570             | 346,570           | 373,515    | 26,945                    | 300,000                   | 231,000           | 23,833       | (207,167)                 |
| (51,070)            | (51,070)          | (119,510)  | (68,440)                  | (285,000)                 | (216,000)         | 30,889       | 246,889                   |
| -                   | -                 | -          | -                         | 285,000                   | 285,000           | -            | (285,000)                 |
| -                   | -                 | -          | -                         | -                         | -                 | (69,000)     | (69,000)                  |
| -                   | -                 | -          | -                         | 285,000                   | 285,000           | (69,000)     | (354,000)                 |
| (51,070)            | (51,070)          | (119,510)  | (68,440)                  | -                         | 69,000            | (38,111)     | (107,111)                 |
| 212,400             | 212,400           | 212,400    | -                         | 1,221,169                 | 1,221,169         | 1,221,169    | -                         |
| \$ 161,330          | \$ 161,330        | \$ 92,890  | \$ (68,440)               | \$ 1,221,169              | \$ 1,290,169      | \$ 1,183,058 | \$ (107,111)              |

**IOSCO COUNTY, MICHIGAN**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | OUIL Restitution   |                   |                 |                           |
|--|--------------------|-------------------|-----------------|---------------------------|
|  | Original<br>Budget | Amended<br>Budget | Actual          | Over<br>(Under)<br>Budget |
| REVENUES   |                    |                   |                 |                           |
| Licenses and permits                             | \$ -               | \$ -              | \$ -            | \$ -                      |
| Intergovernmental:                               |                    |                   |                 |                           |
| Federal grants                                   | -                  | -                 | -               | -                         |
| State grants                                     | -                  | -                 | -               | -                         |
| Contributions from local units                   | -                  | -                 | -               | -                         |
| Charges for services                             | 6,000              | 26,000            | 23,307          | (2,693)                   |
| Fines and forfeits                               | -                  | -                 | -               | -                         |
| Interest   | -                  | -                 | -               | -                         |
| Other  | -                  | -                 | -               | -                         |
| <b>TOTAL REVENUES</b>                            | <b>6,000</b>       | <b>26,000</b>     | <b>23,307</b>   | <b>(2,693)</b>            |
| EXPENDITURES                                     |                    |                   |                 |                           |
| Judicial   | 5,000              | 25,000            | 25,995          | 995                       |
| General government                               | -                  | -                 | -               | -                         |
| Public safety                                    | -                  | -                 | -               | -                         |
| Public works                                     | -                  | -                 | -               | -                         |
| Health and welfare                               | -                  | -                 | -               | -                         |
| Culture and recreation                           | -                  | -                 | -               | -                         |
| Capital outlay                                   | -                  | -                 | -               | -                         |
| Debt service principal                           | -                  | -                 | -               | -                         |
| Debt service interest expense                    | -                  | -                 | -               | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>5,000</b>       | <b>25,000</b>     | <b>25,995</b>   | <b>995</b>                |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>        | <b>1,000</b>       | <b>1,000</b>      | <b>(2,688)</b>  | <b>(3,688)</b>            |
| OTHER FINANCING SOURCES (USES)                   |                    |                   |                 |                           |
| Transfers in                                     | -                  | -                 | -               | -                         |
| Transfer (out)                                   | -                  | -                 | -               | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>-</b>           | <b>-</b>          | <b>-</b>        | <b>-</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>               | <b>1,000</b>       | <b>1,000</b>      | <b>(2,688)</b>  | <b>(3,688)</b>            |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 8,372              | 8,372             | 8,372           | -                         |
| <b>FUND BALANCES, END OF YEAR</b>                | <b>\$ 9,372</b>    | <b>\$ 9,372</b>   | <b>\$ 5,684</b> | <b>\$ (3,688)</b>         |



| Register of Deeds Technology |                   |           |                           | Disaster Contingency Fund |                   |        |                           |
|------------------------------|-------------------|-----------|---------------------------|---------------------------|-------------------|--------|---------------------------|
| Original<br>Budget           | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget | Original<br>Budget        | Amended<br>Budget | Actual | Over<br>(Under)<br>Budget |
| \$ -                         | \$ -              | \$ -      | \$ -                      | \$ -                      | \$ -              | \$ -   | \$ -                      |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| 40,000                       | 65,250            | 41,705    | (23,545)                  | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| 125                          | 125               | 776       | 651                       | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | 7,712                     | 7,712             | -      | (7,712)                   |
| 40,125                       | 65,375            | 42,481    | (22,894)                  | 7,712                     | 7,712             | -      | (7,712)                   |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| 40,125                       | 65,375            | 45,520    | (19,855)                  | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | 5,474     | 5,474                     | -                         | -                 | -      | -                         |
| -                            | -                 | 230       | 230                       | -                         | -                 | -      | -                         |
| 40,125                       | 65,375            | 51,224    | (14,151)                  | -                         | -                 | -      | -                         |
| -                            | -                 | (8,743)   | (8,743)                   | 7,712                     | 7,712             | -      | (7,712)                   |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | -         | -                         | -                         | -                 | -      | -                         |
| -                            | -                 | (8,743)   | (8,743)                   | 7,712                     | 7,712             | -      | (7,712)                   |
| 38,956                       | 38,956            | 38,956    | -                         | 557                       | 557               | 557    | -                         |
| \$ 38,956                    | \$ 38,956         | \$ 30,213 | \$ (8,743)                | \$ 8,269                  | \$ 8,269          | \$ 557 | \$ (7,712)                |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Crime Victims Rights Fund |                   |                 |                           |
|--|---------------------------|-------------------|-----------------|---------------------------|
|  | Original<br>Budget        | Amended<br>Budget | Actual          | Over<br>(Under)<br>Budget |
| REVENUES   |                           |                   |                 |                           |
| Licenses and permits                             | \$ -                      | \$ -              | \$ -            | \$ -                      |
| Intergovernmental:                               |                           |                   |                 |                           |
| Federal grants                                   | -                         | -                 | -               | -                         |
| State grants                                     | 12,558                    | 12,558            | 13,587          | 1,029                     |
| Contributions from local units                   | -                         | -                 | -               | -                         |
| Charges for services                             | -                         | -                 | -               | -                         |
| Fines and forfeits                               | -                         | -                 | -               | -                         |
| Interest   | -                         | -                 | -               | -                         |
| Other  | -                         | -                 | -               | -                         |
| <b>TOTAL REVENUES</b>                            | <b>12,558</b>             | <b>12,558</b>     | <b>13,587</b>   | <b>1,029</b>              |
| EXPENDITURES                                     |                           |                   |                 |                           |
| Judicial   | -                         | -                 | -               | -                         |
| General government                               | -                         | -                 | -               | -                         |
| Public safety                                    | 20,511                    | 20,511            | 32,795          | 12,284                    |
| Public works                                     | -                         | -                 | -               | -                         |
| Health and welfare                               | -                         | -                 | -               | -                         |
| Culture and recreation                           | -                         | -                 | -               | -                         |
| Capital outlay                                   | -                         | -                 | -               | -                         |
| Debt service principal                           | -                         | -                 | -               | -                         |
| Debt service interest expense                    | -                         | -                 | -               | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>20,511</b>             | <b>20,511</b>     | <b>32,795</b>   | <b>12,284</b>             |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>        | <b>(7,953)</b>            | <b>(7,953)</b>    | <b>(19,208)</b> | <b>(11,255)</b>           |
| OTHER FINANCING SOURCES (USES)                   |                           |                   |                 |                           |
| Transfers in                                     | 7,952                     | 7,952             | 19,051          | 11,099                    |
| Transfer (out)                                   | -                         | -                 | -               | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>7,952</b>              | <b>7,952</b>      | <b>19,051</b>   | <b>11,099</b>             |
| <b>NET CHANGE IN FUND BALANCES</b>               | <b>(1)</b>                | <b>(1)</b>        | <b>(157)</b>    | <b>(156)</b>              |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 157                       | 157               | 157             | -                         |
| <b>FUND BALANCES, END OF YEAR</b>                | <b>\$ 156</b>             | <b>\$ 156</b>     | <b>\$ -</b>     | <b>\$ (156)</b>           |

| Local Correctional Training Fund |                   |           |                           | Drug Enforcement Fund |                   |          |                           |
|----------------------------------|-------------------|-----------|---------------------------|-----------------------|-------------------|----------|---------------------------|
| Original<br>Budget               | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget | Original<br>Budget    | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |
| \$ -                             | \$ -              | \$ -      | \$ -                      | \$ -                  | \$ -              | \$ -     | \$ -                      |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| 5,000                            | 5,000             | 13,475    | 8,475                     | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | 500                   | 500               | -        | (500)                     |
| 5,000                            | 5,000             | 13,475    | 8,475                     | 500                   | 500               | -        | (500)                     |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| 5,000                            | 5,000             | 5,495     | 495                       | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| 5,000                            | 5,000             | 5,495     | 495                       | -                     | -                 | -        | -                         |
| -                                | -                 | 7,980     | 7,980                     | 500                   | 500               | -        | (500)                     |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | -         | -                         | -                     | -                 | -        | -                         |
| -                                | -                 | 7,980     | 7,980                     | 500                   | 500               | -        | (500)                     |
| 6,877                            | 6,877             | 6,877     | -                         | 2,400                 | 2,400             | 2,400    | -                         |
| \$ 6,877                         | \$ 6,877          | \$ 14,857 | \$ 7,980                  | \$ 2,900              | \$ 2,900          | \$ 2,400 | \$ (500)                  |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Law Library Fund   |                   |              |                           |
|--|--------------------|-------------------|--------------|---------------------------|
|  | Original<br>Budget | Amended<br>Budget | Actual       | Over<br>(Under)<br>Budget |
| REVENUES   |                    |                   |              |                           |
| Licenses and permits                             | \$ -               | \$ -              | \$ -         | \$ -                      |
| Intergovernmental:                               |                    |                   |              |                           |
| Federal grants                                   | -                  | -                 | -            | -                         |
| State grants                                     | -                  | -                 | -            | -                         |
| Contributions from local units                   | -                  | -                 | -            | -                         |
| Charges for services                             | -                  | -                 | -            | -                         |
| Fines and forfeits                               | 3,500              | 3,500             | 3,500        | -                         |
| Interest   | -                  | -                 | -            | -                         |
| Other  | -                  | -                 | -            | -                         |
| <b>TOTAL REVENUES</b>                            | <b>3,500</b>       | <b>3,500</b>      | <b>3,500</b> | <b>-</b>                  |
| EXPENDITURES                                     |                    |                   |              |                           |
| Judicial   | 8,000              | 8,000             | 8,467        | 467                       |
| General government                               | -                  | -                 | -            | -                         |
| Public safety                                    | -                  | -                 | -            | -                         |
| Public works                                     | -                  | -                 | -            | -                         |
| Health and welfare                               | -                  | -                 | -            | -                         |
| Culture and recreation                           | -                  | -                 | -            | -                         |
| Capital outlay                                   | -                  | -                 | -            | -                         |
| Debt service principal                           | -                  | -                 | -            | -                         |
| Debt service interest expense                    | -                  | -                 | -            | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>8,000</b>       | <b>8,000</b>      | <b>8,467</b> | <b>467</b>                |
| REVENUES OVER (UNDER) EXPENDITURES               | (4,500)            | (4,500)           | (4,967)      | (467)                     |
| OTHER FINANCING SOURCES (USES)                   |                    |                   |              |                           |
| Transfers in                                     | 4,500              | 4,500             | 3,585        | (915)                     |
| Transfer (out)                                   | -                  | -                 | -            | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>4,500</b>       | <b>4,500</b>      | <b>3,585</b> | <b>(915)</b>              |
| NET CHANGE IN FUND BALANCES                      | -                  | -                 | (1,382)      | (1,382)                   |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 1,382              | 1,382             | 1,382        | -                         |
| FUND BALANCES, END OF YEAR                       | \$ 1,382           | \$ 1,382          | \$ -         | \$ (1,382)                |

| Trail Grooming     |                   |          |                           | MSHDA Fund         |                   |           |                           |
|--------------------|-------------------|----------|---------------------------|--------------------|-------------------|-----------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget | Original<br>Budget | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -     | \$ -                      | \$ -               | \$ -              | \$ -      | \$ -                      |
| -                  | -                 | -        | -                         | 239,928            | 239,928           | 136,278   | (103,650)                 |
| 42,200             | 55,595            | 41,618   | (13,977)                  | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| 1,500              | 1,500             | 3,922    | 2,422                     | 72,352             | 72,352            | 47,028    | (25,324)                  |
| 43,700             | 57,095            | 45,540   | (11,555)                  | 312,280            | 312,280           | 183,306   | (128,974)                 |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | 312,281            | 312,281           | 177,346   | (134,935)                 |
| 21,900             | 30,650            | 22,892   | (7,758)                   | -                  | -                 | -         | -                         |
| 9,600              | 14,245            | 17,203   | 2,958                     | -                  | -                 | -         | -                         |
| -                  | -                 | 8,635    | 8,635                     | -                  | -                 | -         | -                         |
| -                  | -                 | 902      | 902                       | -                  | -                 | -         | -                         |
| 31,500             | 44,895            | 49,632   | 4,737                     | 312,281            | 312,281           | 177,346   | (134,935)                 |
| 12,200             | 12,200            | (4,092)  | (16,292)                  | (1)                | (1)               | 5,960     | 5,961                     |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| -                  | -                 | -        | -                         | -                  | -                 | -         | -                         |
| 12,200             | 12,200            | (4,092)  | (16,292)                  | (1)                | (1)               | 5,960     | 5,961                     |
| 10,054             | 10,054            | 10,054   | -                         | 23,025             | 23,025            | 23,025    | -                         |
| \$ 22,254          | \$ 22,254         | \$ 5,962 | \$ (16,292)               | \$ 23,024          | \$ 23,024         | \$ 28,985 | \$ 5,961                  |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | ICHRRLP            |                   |                   |                           |
|--|--------------------|-------------------|-------------------|---------------------------|
|  | Original<br>Budget | Amended<br>Budget | Actual            | Over<br>(Under)<br>Budget |
| REVENUES   |                    |                   |                   |                           |
| Licenses and permits                             | \$ -               | \$ -              | \$ -              | \$ -                      |
| Intergovernmental:                               |                    |                   |                   |                           |
| Federal grants                                   | -                  | -                 | -                 | -                         |
| State grants                                     | -                  | -                 | -                 | -                         |
| Contributions from local units                   | -                  | -                 | -                 | -                         |
| Charges for services                             | -                  | -                 | -                 | -                         |
| Fines and forfeits                               | -                  | -                 | -                 | -                         |
| Interest   | 2,000              | 2,000             | 7,719             | 5,719                     |
| Other  | 70,000             | 70,000            | 36,582            | (33,418)                  |
| <b>TOTAL REVENUES</b>                            | <b>72,000</b>      | <b>72,000</b>     | <b>44,301</b>     | <b>(27,699)</b>           |
| EXPENDITURES                                     |                    |                   |                   |                           |
| Judicial   | -                  | -                 | -                 | -                         |
| General government                               | -                  | -                 | -                 | -                         |
| Public safety                                    | -                  | -                 | -                 | -                         |
| Public works                                     | -                  | -                 | -                 | -                         |
| Health and welfare                               | 10,000             | 10,000            | 19,331            | 9,331                     |
| Culture and recreation                           | -                  | -                 | -                 | -                         |
| Capital outlay                                   | -                  | -                 | -                 | -                         |
| Debt service principal                           | -                  | -                 | -                 | -                         |
| Debt service interest expense                    | -                  | -                 | -                 | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>10,000</b>      | <b>10,000</b>     | <b>19,331</b>     | <b>9,331</b>              |
| <b>REVENUES OVER (UNDER) EXPENDITURES</b>        | <b>62,000</b>      | <b>62,000</b>     | <b>24,970</b>     | <b>(37,030)</b>           |
| OTHER FINANCING SOURCES (USES)                   |                    |                   |                   |                           |
| Transfers in                                     | -                  | -                 | -                 | -                         |
| Transfer (out)                                   | -                  | -                 | -                 | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>-</b>           | <b>-</b>          | <b>-</b>          | <b>-</b>                  |
| <b>NET CHANGE IN FUND BALANCES</b>               | <b>62,000</b>      | <b>62,000</b>     | <b>24,970</b>     | <b>(37,030)</b>           |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 246,856            | 246,856           | 246,856           | -                         |
| <b>FUND BALANCES, END OF YEAR</b>                | <b>\$ 308,856</b>  | <b>\$ 308,856</b> | <b>\$ 271,826</b> | <b>\$ (37,030)</b>        |

| JAIBG              |                   |          |                           | Michigan Justice Training |                   |          |                           |
|--------------------|-------------------|----------|---------------------------|---------------------------|-------------------|----------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget | Original<br>Budget        | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -     | \$ -                      | \$ -                      | \$ -              | \$ -     | \$ -                      |
| -                  | -                 | 10,712   | 10,712                    | -                         | -                 | -        | -                         |
| 1,500              | 1,500             | 1,189    | (311)                     | 1,500                     | 1,500             | 1,426    | (74)                      |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | 690      | 690                       | -                         | -                 | -        | -                         |
| 1,500              | 1,500             | 12,591   | 11,091                    | 1,500                     | 1,500             | 1,426    | (74)                      |
| -                  | -                 | -        | -                         | 1,500                     | 1,500             | -        | (1,500)                   |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| 1,500              | 1,500             | 10,535   | 9,035                     | -                         | -                 | -        | -                         |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| 1,500              | 1,500             | 10,535   | 9,035                     | 1,500                     | 1,500             | -        | (1,500)                   |
| -                  | -                 | 2,056    | 2,056                     | -                         | -                 | 1,426    | 1,426                     |
| -                  | -                 | -        | -                         | -                         | -                 | -        | -                         |
| -                  | -                 | (4,390)  | (4,390)                   | -                         | -                 | -        | -                         |
| -                  | -                 | (4,390)  | (4,390)                   | -                         | -                 | -        | -                         |
| -                  | -                 | (2,334)  | (2,334)                   | -                         | -                 | 1,426    | 1,426                     |
| 7,872              | 7,872             | 7,872    | -                         | 8,001                     | 8,001             | 8,001    | -                         |
| \$ 7,872           | \$ 7,872          | \$ 5,538 | \$ (2,334)                | \$ 8,001                  | \$ 8,001          | \$ 9,427 | \$ 1,426                  |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Family Independence Agency |                   |              |                           |
|--|----------------------------|-------------------|--------------|---------------------------|
|  | Original<br>Budget         | Amended<br>Budget | Actual       | Over<br>(Under)<br>Budget |
| REVENUES   |                            |                   |              |                           |
| Licenses and permits                             | \$ -                       | \$ -              | \$ -         | \$ -                      |
| Intergovernmental:                               |                            |                   |              |                           |
| Federal grants                                   | -                          | -                 | -            | -                         |
| State grants                                     | 3,000                      | 3,000             | -            | (3,000)                   |
| Contributions from local units                   | -                          | -                 | -            | -                         |
| Charges for services                             | -                          | -                 | -            | -                         |
| Fines and forfeits                               | -                          | -                 | -            | -                         |
| Interest   | -                          | -                 | -            | -                         |
| Other  | 750                        | 750               | -            | (750)                     |
| <b>TOTAL REVENUES</b>                            | <b>3,750</b>               | <b>3,750</b>      | <b>-</b>     | <b>(3,750)</b>            |
| EXPENDITURES                                     |                            |                   |              |                           |
| Judicial   | -                          | -                 | -            | -                         |
| General government                               | -                          | -                 | -            | -                         |
| Public safety                                    | -                          | -                 | -            | -                         |
| Public works                                     | -                          | -                 | -            | -                         |
| Health and welfare                               | 3,750                      | 3,750             | 2,369        | (1,381)                   |
| Culture and recreation                           | -                          | -                 | -            | -                         |
| Capital outlay                                   | -                          | -                 | -            | -                         |
| Debt service principal                           | -                          | -                 | -            | -                         |
| Debt service interest expense                    | -                          | -                 | -            | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>3,750</b>               | <b>3,750</b>      | <b>2,369</b> | <b>(1,381)</b>            |
| REVENUES OVER (UNDER) EXPENDITURES               | -                          | -                 | (2,369)      | (2,369)                   |
| OTHER FINANCING SOURCES (USES)                   |                            |                   |              |                           |
| Transfers in                                     | -                          | -                 | -            | -                         |
| Transfer (out)                                   | -                          | -                 | -            | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>-</b>                   | <b>-</b>          | <b>-</b>     | <b>-</b>                  |
| NET CHANGE IN FUND BALANCES                      | -                          | -                 | (2,369)      | (2,369)                   |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 16,110                     | 16,110            | 16,110       | -                         |
| FUND BALANCES, END OF YEAR                       | \$ 16,110                  | \$ 16,110         | \$ 13,741    | \$ (2,369)                |



| Child Care Fund    |                   |           |                           | Veterans Relief Fund |                   |        |                           |
|--------------------|-------------------|-----------|---------------------------|----------------------|-------------------|--------|---------------------------|
| Original<br>Budget | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget | Original<br>Budget   | Amended<br>Budget | Actual | Over<br>(Under)<br>Budget |
| \$ -               | \$ -              | \$ -      | \$ -                      | \$ -                 | \$ -              | \$ -   | \$ -                      |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| 100,000            | 131,098           | 249,295   | 118,197                   | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| 50,000             | 50,000            | 71,006    | 21,006                    | -                    | -                 | -      | -                         |
| 150,000            | 181,098           | 320,301   | 139,203                   | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| 617,000            | 648,098           | 700,888   | 52,790                    | 100                  | 100               | 70     | (30)                      |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| 3,000              | 3,000             | 67        | (2,933)                   | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| 620,000            | 651,098           | 700,955   | 49,857                    | 100                  | 100               | 70     | (30)                      |
| (470,000)          | (470,000)         | (380,654) | 89,346                    | (100)                | (100)             | (70)   | 30                        |
| 470,000            | 470,000           | 371,073   | (98,927)                  | 100                  | 100               | -      | (100)                     |
| -                  | -                 | -         | -                         | -                    | -                 | -      | -                         |
| 470,000            | 470,000           | 371,073   | (98,927)                  | 100                  | 100               | -      | (100)                     |
| -                  | -                 | (9,581)   | (9,581)                   | -                    | -                 | (70)   | (70)                      |
| 9,585              | 9,585             | 9,585     | -                         | 400                  | 400               | 400    | -                         |
| \$ 9,585           | \$ 9,585          | \$ 4      | \$ (9,581)                | \$ 400               | \$ 400            | \$ 330 | \$ (70)                   |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Veterans Trust Fund |                   |              |                           |
|--|---------------------|-------------------|--------------|---------------------------|
|  | Original<br>Budget  | Amended<br>Budget | Actual       | Over<br>(Under)<br>Budget |
| REVENUES   |                     |                   |              |                           |
| Licenses and permits                             | \$ -                | \$ -              | \$ -         | \$ -                      |
| Intergovernmental:                               |                     |                   |              |                           |
| Federal grants                                   | -                   | -                 | -            | -                         |
| State grants                                     | 3,048               | 3,048             | 5,275        | 2,227                     |
| Contributions from local units                   | -                   | -                 | -            | -                         |
| Charges for services                             | -                   | -                 | -            | -                         |
| Fines and forfeits                               | -                   | -                 | -            | -                         |
| Interest   | -                   | -                 | -            | -                         |
| Other  | -                   | -                 | -            | -                         |
| <b>TOTAL REVENUES</b>                            | <b>3,048</b>        | <b>3,048</b>      | <b>5,275</b> | <b>2,227</b>              |
| EXPENDITURES                                     |                     |                   |              |                           |
| Judicial   | -                   | -                 | -            | -                         |
| General government                               | -                   | -                 | -            | -                         |
| Public safety                                    | -                   | -                 | -            | -                         |
| Public works                                     | -                   | -                 | -            | -                         |
| Health and welfare                               | 3,048               | 3,048             | 4,360        | 1,312                     |
| Culture and recreation                           | -                   | -                 | -            | -                         |
| Capital outlay                                   | -                   | -                 | -            | -                         |
| Debt service principal                           | -                   | -                 | -            | -                         |
| Debt service interest expense                    | -                   | -                 | -            | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>3,048</b>        | <b>3,048</b>      | <b>4,360</b> | <b>1,312</b>              |
| REVENUES OVER (UNDER) EXPENDITURES               | -                   | -                 | 915          | 915                       |
| OTHER FINANCING SOURCES (USES)                   |                     |                   |              |                           |
| Transfers in                                     | -                   | -                 | -            | -                         |
| Transfer (out)                                   | -                   | -                 | -            | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>-</b>            | <b>-</b>          | <b>-</b>     | <b>-</b>                  |
| NET CHANGE IN FUND BALANCES                      | -                   | -                 | 915          | 915                       |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 638                 | 638               | 638          | -                         |
| FUND BALANCES, END OF YEAR                       | \$ 638              | \$ 638            | \$ 1,553     | \$ 915                    |

| County Airport Fund |                   |          |                           | Plat Book Revolving Fund |                   |           |                           |
|---------------------|-------------------|----------|---------------------------|--------------------------|-------------------|-----------|---------------------------|
| Original<br>Budget  | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget | Original<br>Budget       | Amended<br>Budget | Actual    | Over<br>(Under)<br>Budget |
| \$ -                | \$ -              | \$ -     | \$ -                      | \$ -                     | \$ -              | \$ -      | \$ -                      |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| 38,816              | 38,816            | 31,208   | (7,608)                   | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| 2,400               | 2,400             | 2,814    | 414                       | 5,000                    | 5,000             | 3,500     | (1,500)                   |
| 41,216              | 41,216            | 34,022   | (7,194)                   | 5,000                    | 5,000             | 3,500     | (1,500)                   |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| 51,216              | 51,216            | 45,008   | (6,208)                   | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| 51,216              | 51,216            | 45,008   | (6,208)                   | -                        | -                 | -         | -                         |
| (10,000)            | (10,000)          | (10,986) | (986)                     | 5,000                    | 5,000             | 3,500     | (1,500)                   |
| 10,000              | 10,000            | 10,986   | 986                       | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | -                        | -                 | -         | -                         |
| 10,000              | 10,000            | 10,986   | 986                       | -                        | -                 | -         | -                         |
| -                   | -                 | -        | -                         | 5,000                    | 5,000             | 3,500     | (1,500)                   |
| -                   | -                 | -        | -                         | 11,230                   | 11,230            | 11,230    | -                         |
| \$ -                | \$ -              | \$ -     | \$ -                      | \$ 16,230                | \$ 16,230         | \$ 14,730 | \$ (1,500)                |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Economic Revolving Loan Fund |                   |               |                           |
|--|------------------------------|-------------------|---------------|---------------------------|
|  | Original<br>Budget           | Amended<br>Budget | Actual        | Over<br>(Under)<br>Budget |
| REVENUES   |                              |                   |               |                           |
| Licenses and permits                             | \$ -                         | \$ -              | \$ -          | \$ -                      |
| Intergovernmental:                               |                              |                   |               |                           |
| Federal grants                                   | -                            | -                 | -             | -                         |
| State grants                                     | -                            | -                 | -             | -                         |
| Contributions from local units                   | -                            | -                 | -             | -                         |
| Charges for services                             | -                            | -                 | -             | -                         |
| Fines and forfeits                               | -                            | -                 | -             | -                         |
| Interest   | 300                          | 300               | 534           | 234                       |
| Other  | 15,000                       | 15,000            | 16,957        | 1,957                     |
| <b>TOTAL REVENUES</b>                            | <b>15,300</b>                | <b>15,300</b>     | <b>17,491</b> | <b>2,191</b>              |
| EXPENDITURES                                     |                              |                   |               |                           |
| Judicial   | -                            | -                 | -             | -                         |
| General government                               | 15,300                       | 15,300            | 18,063        | 2,763                     |
| Public safety                                    | -                            | -                 | -             | -                         |
| Public works                                     | -                            | -                 | -             | -                         |
| Health and welfare                               | -                            | -                 | -             | -                         |
| Culture and recreation                           | -                            | -                 | -             | -                         |
| Capital outlay                                   | -                            | -                 | -             | -                         |
| Debt service principal                           | -                            | -                 | -             | -                         |
| Debt service interest expense                    | -                            | -                 | -             | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>15,300</b>                | <b>15,300</b>     | <b>18,063</b> | <b>2,763</b>              |
| REVENUES OVER (UNDER) EXPENDITURES               | -                            | -                 | (572)         | (572)                     |
| OTHER FINANCING SOURCES (USES)                   |                              |                   |               |                           |
| Transfers in                                     | -                            | -                 | -             | -                         |
| Transfer (out)                                   | -                            | -                 | -             | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>-</b>                     | <b>-</b>          | <b>-</b>      | <b>-</b>                  |
| NET CHANGE IN FUND BALANCES                      | -                            | -                 | (572)         | (572)                     |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 131,119                      | 131,119           | 131,119       | -                         |
| FUND BALANCES, END OF YEAR                       | \$ 131,119                   | \$ 131,119        | \$ 130,547    | \$ (572)                  |

| Economic Revolving Loan #3 Fund |                   |          |                           |  | EDC Administration |                   |          |                           |  |
|---------------------------------|-------------------|----------|---------------------------|--|--------------------|-------------------|----------|---------------------------|--|
| Original<br>Budget              | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |  | Original<br>Budget | Amended<br>Budget | Actual   | Over<br>(Under)<br>Budget |  |
| \$ -                            | \$ -              | \$ -     | \$ -                      |  | \$ -               | \$ -              | \$ -     | \$ -                      |  |
| -                               | -                 | 29,140   | 29,140                    |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | 3,691    | 3,691                     |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | 32,831   | 32,831                    |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | 40,000             | 40,000            | 30,061   | (9,939)                   |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | 29,140   | 29,140                    |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | 29,140   | 29,140                    |  | 40,000             | 40,000            | 30,061   | (9,939)                   |  |
| -                               | -                 | 3,691    | 3,691                     |  | (40,000)           | (40,000)          | (30,061) | 9,939                     |  |
| -                               | -                 | -        | -                         |  | 40,000             | 40,000            | 30,061   | (9,939)                   |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | 40,000             | 40,000            | 30,061   | (9,939)                   |  |
| -                               | -                 | 3,691    | 3,691                     |  | -                  | -                 | -        | -                         |  |
| -                               | -                 | -        | -                         |  | -                  | -                 | -        | -                         |  |
| \$ -                            | \$ -              | \$ 3,691 | \$ 3,691                  |  | \$ -               | \$ -              | \$ -     | \$ -                      |  |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | Special Investigation |                   |              |                           |
|--|-----------------------|-------------------|--------------|---------------------------|
|  | Original<br>Budget    | Amended<br>Budget | Actual       | Over<br>(Under)<br>Budget |
| REVENUES   |                       |                   |              |                           |
| Licenses and permits                             | \$ -                  | \$ -              | \$ -         | \$ -                      |
| Intergovernmental:                               |                       |                   |              |                           |
| Federal grants                                   | -                     | -                 | -            | -                         |
| State grants                                     | -                     | -                 | -            | -                         |
| Contributions from local units                   | -                     | -                 | -            | -                         |
| Charges for services                             | -                     | -                 | -            | -                         |
| Fines and forfeits                               | -                     | -                 | -            | -                         |
| Interest   | -                     | -                 | 8            | 8                         |
| Other  | -                     | -                 | 1,287        | 1,287                     |
| <b>TOTAL REVENUES</b>                            | <b>-</b>              | <b>-</b>          | <b>1,295</b> | <b>1,295</b>              |
| EXPENDITURES                                     |                       |                   |              |                           |
| Judicial   | -                     | -                 | -            | -                         |
| General government                               | -                     | -                 | -            | -                         |
| Public safety                                    | -                     | -                 | 1,012        | 1,012                     |
| Public works                                     | -                     | -                 | -            | -                         |
| Health and welfare                               | -                     | -                 | -            | -                         |
| Culture and recreation                           | -                     | -                 | -            | -                         |
| Capital outlay                                   | -                     | -                 | -            | -                         |
| Debt service principal                           | -                     | -                 | -            | -                         |
| Debt service interest expense                    | -                     | -                 | -            | -                         |
| <b>TOTAL EXPENDITURES</b>                        | <b>-</b>              | <b>-</b>          | <b>1,012</b> | <b>1,012</b>              |
| REVENUES OVER (UNDER) EXPENDITURES               | -                     | -                 | 283          | 283                       |
| OTHER FINANCING SOURCES (USES)                   |                       |                   |              |                           |
| Transfers in                                     | -                     | -                 | -            | -                         |
| Transfer (out)                                   | -                     | -                 | -            | -                         |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>      | <b>-</b>              | <b>-</b>          | <b>-</b>     | <b>-</b>                  |
| NET CHANGE IN FUND BALANCES                      | -                     | -                 | 283          | 283                       |
| FUND BALANCES, BEGINNING OF YEAR,<br>AS RESTATED | 2,395                 | 2,395             | 2,395        | -                         |
| FUND BALANCES, END OF YEAR                       | \$ 2,395              | \$ 2,395          | \$ 2,678     | \$ 283                    |

| Total |                    |                   |              |                           |
|-------|--------------------|-------------------|--------------|---------------------------|
|       | Original<br>Budget | Amended<br>Budget | Actual       | Over<br>(Under)<br>Budget |
| \$    | 284,000            | \$ 284,000        | \$ 234,031   | \$ (49,969)               |
|       | 686,364            | 686,364           | 649,670      | (36,694)                  |
|       | 269,688            | 314,181           | 435,439      | 121,258                   |
|       | 81,159             | 81,159            | 67,565       | (13,594)                  |
|       | 747,677            | 792,927           | 764,174      | (28,753)                  |
|       | 3,500              | 3,500             | 3,500        | -                         |
|       | 21,925             | 21,925            | 89,533       | 67,608                    |
|       | 254,903            | 254,903           | 225,131      | (29,772)                  |
|       | 2,349,216          | 2,438,959         | 2,469,043    | 30,084                    |
|       | 720,920            | 758,737           | 637,151      | (121,586)                 |
|       | 146,641            | 171,891           | 138,652      | (33,239)                  |
|       | 1,062,524          | 1,062,524         | 1,084,731    | 22,207                    |
|       | -                  | -                 | 29,140       | 29,140                    |
|       | 986,279            | 1,017,377         | 1,032,124    | 14,747                    |
|       | 21,900             | 30,650            | 22,892       | (7,758)                   |
|       | 316,220            | 258,300           | 48,595       | (209,705)                 |
|       | -                  | -                 | 26,804       | 26,804                    |
|       | -                  | -                 | 6,254        | 6,254                     |
|       | 3,254,484          | 3,299,479         | 3,026,343    | (273,136)                 |
|       | (905,268)          | (860,520)         | (557,300)    | 303,220                   |
|       | 926,594            | 947,351           | 564,901      | (382,450)                 |
|       | (8,725)            | (8,725)           | (85,609)     | (76,884)                  |
|       | 917,869            | 938,626           | 479,292      | (459,334)                 |
|       | 12,601             | 78,106            | (78,008)     | (156,114)                 |
|       | 2,810,172          | 2,810,172         | 2,810,172    | -                         |
| \$    | 2,822,773          | \$ 2,888,278      | \$ 2,732,164 | \$ (156,114)              |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
DECEMBER 31, 2006**

|                                  | ALABASTER<br>WATER | AUSABLE<br>D.P.W. #2 | EAST TAWAS/<br>TAWAS CITY<br>D.P.W. #3 | AUSABLE<br>D.P.W. #2<br>SERIES II | EAST TAWAS<br>D.P.W. #2 |
|----------------------------------|--------------------|----------------------|--|-----------------------------------|-------------------------|
| <b><u>ASSETS</u></b>             |                    |                      |  |                                   |                         |
| Loans receivable - current       | \$ 378,765         | \$ 163,750           | \$ -                                   | \$ 22,000                         | \$ 541                  |
| Loans receivable - long term     | 25,000             | 20,000               | -                                      | 2,000                             | 70,000                  |
| <b>TOTAL ASSETS</b>              | <b>403,765</b>     | <b>183,750</b>       | <b>-</b>                               | <b>24,000</b>                     | <b>70,541</b>           |
| <b><u>LIABILITIES</u></b>        |                    |                      |  |                                   |                         |
| Current liabilities              |                    |                      |  |                                   |                         |
| Interest payable                 | 3,765              | 3,750                | -                                      | -                                 | 541                     |
| Current portion of bond payable  | 25,000             | 20,000               | -                                      | 2,000                             | 70,000                  |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>28,765</b>      | <b>23,750</b>        | <b>-</b>                               | <b>2,000</b>                      | <b>70,541</b>           |
| Long-term Liabilities            |                    |                      |  |                                   |                         |
| Bonds payable                    | 375,000            | 160,000              | -                                      | 22,000                            | -                       |
| <b>TOTAL LIABILITIES</b>         | <b>403,765</b>     | <b>183,750</b>       | <b>-</b>                               | <b>24,000</b>                     | <b>70,541</b>           |
| <b><u>NET ASSETS</u></b>         |                    |                      |  |                                   |                         |
| Unrestricted                     | \$ -               | \$ -                 | \$ -                                   | \$ -                              | \$ -                    |



| OSCODA<br>D.P.W. #2 | PLAINFIELD<br>D.P.W. | TAWAS<br>WATER SUPPLY<br>SYSTEM #6 | BALDWIN<br>WATER 2002 | TOTAL        |
|---------------------|----------------------|------------------------------------|-----------------------|--------------|
| \$ 6,503            | \$ 241,425           | \$ 227,392                         | \$ 292,246            | \$ 1,332,622 |
| 170,000             | 45,000               | 25,000                             | 15,000                | 372,000      |
| 176,503             | 286,425              | 252,392                            | 307,246               | 1,704,622    |
| 6,503               | 1,425                | 2,392                              | 2,246                 | 20,622       |
| 170,000             | 45,000               | 25,000                             | 15,000                | 372,000      |
| 176,503             | 46,425               | 27,392                             | 17,246                | 392,622      |
| -                   | 240,000              | 225,000                            | 290,000               | 1,312,000    |
| 176,503             | 286,425              | 252,392                            | 307,246               | 1,704,622    |
| \$ -                | \$ -                 | \$ -                               | \$ -                  | \$ -         |

**IOSCO COUNTY, MICHIGAN  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|                                   | ALABASTER<br>WATER | AUSABLE<br>D.P.W. #2 | EAST TAWAS/<br>TAWAS CITY<br>D.P.W. #3 | AUSABLE<br>D.P.W. #2<br>SERIES II | EAST TAWAS<br>D.P.W. #2 |
|-----------------------------------|--------------------|----------------------|--|-----------------------------------|-------------------------|
| NON-OPERATING REVENUES (EXPENSES) |                    |                      |  |                                   |                         |
| Contributions from local units    | \$ 23,079          | \$ 8,667             | \$ 6,419                               | \$ 1,200                          | \$ 5,104                |
| Bond interest                     | (22,804)           | (8,667)              | (6,419)                                | (1,200)                           | (4,754)                 |
| Paying agent fees                 | (275)              | -                    | -                                      | -                                 | (350)                   |
| NET INCOME                        | -                  | -                    | -                                      | -                                 | -                       |
| NET ASSETS, BEGINNING OF YEAR     | -                  | -                    | -                                      | -                                 | -                       |
| NET ASSETS, END OF YEAR           | \$ -               | \$ -                 | \$ -                                   | \$ -                              | \$ -                    |

| OSCODA<br>D.P.W. #2 | PLAINFIELD<br>D.P.W. | TAWAS<br>WATER SUPPLY<br>SYSTEM #6 | BALDWIN<br>WATER 2002 | TOTAL    |
|---------------------|----------------------|------------------------------------|-----------------------|----------|
| \$ 8,810            | \$ 5,700             | \$ 15,792                          | \$ 13,794             | 88,565   |
| (8,460)             | (5,700)              | (15,267)                           | (13,569)              | (86,840) |
| (350)               | -                    | (525)                              | (225)                 | (1,725)  |
| -                   | -                    | -                                  | -                     | -        |
| -                   | -                    | -                                  | -                     | -        |
| \$ -                | \$ -                 | \$ -                               | \$ -                  | \$ -     |

**IOSCO COUNTY, MICHIGAN  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | ALABASTER<br>WATER | AUSABLE<br>D.P.W. #2 | EAST TAWAS/<br>TAWAS CITY<br>D.P.W. #3 | AUSABLE<br>D.P.W. #2<br>SERIES II | EAST TAWAS<br>D.P.W. #2 |
|--|--------------------|----------------------|--|-----------------------------------|-------------------------|
| Cash flows from capital and related financing activities   |                    |                      |  |                                   |                         |
| Contributions from local units   | \$ 47,528          | \$ 28,667            | \$ 455,419                             | \$ 3,200                          | \$ 80,104               |
| Principal paid on bonds  | (25,000)           | (20,000)             | (449,000)                              | (2,000)                           | (75,000)                |
| Interest and paying agent fees on bonds  | (23,079)           | (8,667)              | (6,419)                                | (1,200)                           | (5,104)                 |
| Net cash provided (used) by capital improvements   | (48,079)           | (28,667)             | (455,419)                              | (3,200)                           | (80,104)                |
| Net increase (decrease) in cash and cash equivalents   | (551)              | -                    | -                                      | -                                 | -                       |
| Cash and cash equivalents, beginning of year   | 551                | -                    | -                                      | -                                 | -                       |
| Cash and cash equivalents, end of year   | \$ -               | \$ -                 | \$ -                                   | \$ -                              | \$ -                    |
| Reconciliation of operating income (loss) to net cash<br>provided (used) by operating activities:        |                    |                      |  |                                   |                         |
| Operating income (loss)  | \$ -               | \$ -                 | \$ -                                   | \$ -                              | \$ -                    |
| Adjustments to reconcile operating income (loss)<br>to net cash provided (used) by operating activities: |                    |                      |  |                                   |                         |
| Changes in assets and liabilities which<br>increase (decrease) cash:                                     |                    |                      |  |                                   |                         |
| Receivables  | 214                | 417                  | 11,225                                 | -                                 | 504                     |
| Interest payable   | (214)              | (417)                | (11,225)                               | -                                 | (504)                   |
| Net cash provided (used) by operating activities   | \$ -               | \$ -                 | \$ -                                   | \$ -                              | \$ -                    |

| OSCODA<br>D.P.W. #2 | PLAINFIELD<br>D.P.W. | TAWAS<br>WATER SUPPLY<br>SYSTEM #6 | BALDWIN<br>WATER 2002 | TOTAL      |
|---------------------|----------------------|------------------------------------|-----------------------|------------|
| \$ 158,810          | \$ 50,700            | \$ 40,792                          | \$ 28,794             | \$ 894,014 |
| (150,000)           | (45,000)             | (25,000)                           | (15,000)              | (806,000)  |
| (8,810)             | (5,700)              | (15,792)                           | (13,794)              | (88,565)   |
| (158,810)           | (50,700)             | (40,792)                           | (28,794)              | (894,565)  |
| -                   | -                    | -                                  | -                     | (551)      |
| -                   | -                    | -                                  | -                     | 551        |
| \$ -                | \$ -                 | \$ -                               | \$ -                  | \$ -       |

\$ - \$ - \$ - \$ - \$ -

|         |       |       |      |          |
|---------|-------|-------|------|----------|
| 1,075   | 225   | 229   | 94   | 13,983   |
| (1,075) | (225) | (229) | (94) | (13,983) |
| \$ -    | \$ -  | \$ -  | \$ - | \$ -     |

**IOSCO COUNTY, MICHIGAN  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2006**

|                                 | AGENCY FUNDS        |                   |                  |                     |                     |  |
|---------------------------------|---------------------|-------------------|------------------|---------------------|---------------------|--|
| <u>ASSETS</u>                   | TRUST AND<br>AGENCY | MENTAL<br>HEALTH  | PENAL<br>FINES   | REGIONAL<br>LIBRARY | TOTAL               |  |
| Cash and cash equivalents       | \$ 451,350          | \$ 990,681        | \$ 88,729        | \$ 834,154          | \$ 2,364,914        |  |
| Investments                     | 25,000              | -                 | -                | -                   | 25,000              |  |
| Accounts receivable             | -                   | -                 | -                | 84,781              | 84,781              |  |
| <u>TOTAL ASSETS</u>             | <u>\$ 476,350</u>   | <u>\$ 990,681</u> | <u>\$ 88,729</u> | <u>\$ 918,935</u>   | <u>\$ 2,474,695</u> |  |
| <u>LIABILITIES</u>              |                     |                   |                  |                     |                     |  |
| Accounts payable                | \$ 51,183           | \$ -              | \$ -             | \$ -                | \$ 51,183           |  |
| Unallocated property taxes      | 263,283             | -                 | -                | -                   | 263,283             |  |
| Undistributed receipts          | 87,969              | -                 | -                | -                   | 87,969              |  |
| Undistributed penal fines       | -                   | -                 | 88,729           | -                   | 88,729              |  |
| Due to other governmental units | 73,915              | 990,681           | -                | 918,935             | 1,983,531           |  |
| <u>TOTAL LIABILITIES</u>        | <u>\$ 476,350</u>   | <u>\$ 990,681</u> | <u>\$ 88,729</u> | <u>\$ 918,935</u>   | <u>\$ 2,474,695</u> |  |

**IOSCO COUNTY, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

| FEDERAL GRANTOR/PASSTHROUGH GRANTOR/<br>PROGRAM TITLE    | FEDERAL<br>CFDA<br>NUMBER | FEDERAL<br>AWARDS<br>EXPENDED |
|--|---------------------------|-------------------------------|
| U.S. DEPARTMENT OF HOMELAND SECURITY                     |                           |                               |
| Emergency Management Program                             | 97.042                    | \$ 8,517                      |
| State Domestic Preparedness Equipment Support Program    | 97.067                    | 18,564                        |
| State Domestic Preparedness Equipment Support Program    | 97.004                    | <u>122,953</u>                |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY               |                           | <u>150,034</u>                |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES             |                           |                               |
| PASS-THROUGH MICHIGAN DEPARTMENT OF SOCIAL SERVICES      |                           |                               |
| Child Support Enforcement                                | 93.563                    | 372,710                       |
| Child Support Enforcement (Prosecuting Attorney)         | 93.563                    | 47,008                        |
| Child Support Enforcement - Incentive (Title IV-D)       | 93.560                    | 43,893                        |
| Wraparound Coordinator                                   | 93.556                    | <u>56,937</u>                 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES       |                           | <u>520,548</u>                |
| U.S. DEPARTMENT OF INTERIOR                              |                           |                               |
| Payment in Lieu of Taxes                                 | 15.226                    | <u>76,084</u>                 |
| U.S. DEPARTMENT OF JUSTICE                               |                           |                               |
| Juvenile Assistance Block Grant                          | 16.523                    | <u>10,712</u>                 |
| U.S. DEPARTMENT OF AGRICULTURE & RURAL DEVELOPMENT       |                           |                               |
| Rural Business Enterprise Grant                          | 10.769                    | 29,140                        |
| Rural Housing Preservation Grant                         | 10.433                    | 6,131                         |
| PASS-THROUGH MICHIGAN STATE HOUSING AUTHORITY            |                           |                               |
| Rural Housing Preservation Grant                         | 10.433                    | <u>130,147</u>                |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE & RURAL DEVELOPMENT |                           | <u>165,418</u>                |
| TOTAL FEDERAL FINANCIAL ASSISTANCE - PRIMARY GOVERNMENT  |                           | <u>\$ 922,796</u>             |

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iosco County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

April 17, 2007

Board of Commissioners  
County of Iosco  
Tawas City, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Iosco County, Michigan*** as of and for the year ended December 31, 2006, and have issued our report thereon dated April 17, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Medical Care Facility enterprise fund, as described in our report on ***Iosco County, Michigan's*** financial statements. The financial statements of the Medical Care Facility were not audited in accordance with Governmental Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered ***Iosco County, Michigan's*** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Iosco County, Michigan's*** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ***Iosco County, Michigan's*** internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.



A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to present or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether *Iosco County, Michigan's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Iosco County in a separate letter dated April 17, 2007.

Iosco County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Iosco County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Audit Committee, others within the organization, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned above the page number.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

April 17, 2007

Board of Commissioners  
County of Iosco  
Tawas City, Michigan

**Compliance**

We have audited the compliance of ***Iosco County, Michigan*** with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. ***Iosco County, Michigan's*** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of ***Iosco County, Michigan's*** management. Our responsibility is to express an opinion on ***Iosco County, Michigan's*** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ***Iosco County, Michigan's*** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on ***Iosco County, Michigan's*** compliance with those requirements.

In our opinion, *Iosco County, Michigan* complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

### **Internal Control Over Compliance**

The management of *Iosco County, Michigan* is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered *Iosco County, Michigan's* internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the *Iosco County, Michigan's* internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Other auditors audited the financial statements of the Medical Care Facility enterprise fund, as described in our report on *Iosco County, Michigan's* financial statements. The financial statements of the Medical Care Facility were not audited in accordance with Governmental Auditing Standards.

This report is intended solely for the information and use of the Audit Committee, others within the organization, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Lehmann Johnson".

# IOSCO COUNTY, MICHIGAN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued: *Unqualified on Primary Government*

Internal controls over financial reporting:

Material weakness(es) identified?   X   yes        no

Significant deficiency(ies) identified not  
considered to be material weaknesses?        yes   X  

Noncompliance material to financial  
statements noted?

       yes   X   no

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified not  
considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance  
for major programs:

*Unqualified*

Any audit findings disclosed that are required to  
be reported in accordance with Circular A-133,  
Section 510(a)?

       yes   X   no

#### CFDA Number(s)

#### Name of Federal Program or Cluster

93.563

Child Support Enforcement – Incentive  
Title IV-D

# IOSCO COUNTY, MICHIGAN

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2006

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Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   yes        no

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### Finding 2006-1 – Recording, Processing and Summarizing Accounting Data

**Criteria:** All governments are required to have in place internal controls over recording, processing, and summarizing accounting data (e.g., maintaining internal books and records).

**Condition:** As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the recording, processing and summarizing of certain accounting data as part of its external financial reporting process. Accordingly, the government has placed reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

**Cause:** This condition was caused by the government's decision that it is more cost effective to have the external auditors recommend the necessary adjusting journal entries to its general ledger than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

**Effect:** As a result of this condition, the government lacks internal controls over the recording, processing, and summarizing of accounting data, and instead relies, in part, on its external auditors for assistance with this task.

**View of Responsible Officials:** The government has evaluated the cost vs. benefit of establishing internal controls over the recording, processing, and summarizing of accounting data, and determined that it is in the best interests of the government to rely on its external auditors to recommend the necessary adjustments.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

### PRIOR YEAR FINDINGS

No prior year findings.



**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

April 17, 2007

To the Board of Commissioners  
Iosco County  
Tawas, Michigan

In planning and performing our audit of the financial statements of ***Iosco County*** for the year ended December 31, 2006, we considered the County's internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated April 17, 2007, on the financial statements of ***Iosco County***.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank the management and personnel for their support and assistance during the audit of ***Iosco County***.

## **IOSCO COUNTY**

### **COMMENTS AND RECOMMENDATIONS**

---

#### **1) Review and Approval of Journal Entries**

The County posts adjusting journal entries to its general ledger accounting system to record various financial activity, including EFT receipts from funding sources, accruals, interest earnings, correcting entries, etc. The County's current internal control procedures do not require that journal entries are reviewed and approved by a responsible official that is independent of the journal entry preparation.

##### **Recommendation:**

The County should adopt and enforce a policy that requires that all adjusting journal entries are reviewed and approved by a responsible independent official, prior to being posted to the general ledger.

#### **2) Inmate Trust Cash**

During our audit procedures related to cash and investments, we noted that the Inmate Trust cash account had a reconciled balance of negative \$117. The purpose of the this cash account is to record deposits made for inmates and payments for inmates related to commissary purchases and various other items that an inmate may need. With the reconciled balance being in a deficit this in an indicator that more checks have been disbursed than has been received. If at December 31, 2006, all checks that were outstanding had cleared the financial institute, the Inmate Trust account would have to receive a subsidy from another County fund to cover the overdraft.

We also noted during our audit procedures related to the Inmate Trust account that the County is using the Inmate Trust checking account to purchase commissary and other items of necessity for the inmates.

##### **Recommendation:**

The County should establish a separate Commissary fund in which to track the purchase and sales of those items. This fund should be separate from the Inmate Trust cash account. By establishing this fund, the County would have better controls in place in which to monitor the receipts and payments of the inmate's cash balances and would provide a better mechanism in which to track the revenues and expenses associated with commissary sales and purchases.

## IOSCO COUNTY

### COMMENTS AND RECOMMENDATIONS

---

#### 3) **Special Investigative Fund**

A new fund was added to the County's financial statements and general ledger for the current fiscal year. The Special Investigation fund was established to account for the revenues related to drug forfeitures and seizures and the expenditures that help in obtaining those. This fund was established in accordance with Numbered Letter 1999-5 and the monies of this fund are to be used in accordance with this Numbered Letter.

##### **Recommendation:**

This fund is established as a Special Revenue Fund and therefore, must follow the prescribed guidelines established by the State of Michigan Department of Treasury and adopt a budget prior to beginning of the fiscal year and amend such budget as deemed necessary. Being a fund of the County, this fund is also required to follow the County's procurement and purchasing policy as it relates to certain purchases; however, the County should, without hesitation approve those purchases that are considered necessary in obtaining forfeitures and seizures by the prosecuting attorney. We also recommend that management become familiar with the State of Michigan guidelines on the administration of this unique fund.

#### 4) **Required Policy for Use of Vendor/Credit Cards**

The County has authorized certain employees to purchase goods and services using commercial purchase / credit cards. Public Act 266 of 1995 authorizes the use of credit cards by local units of government but requires that a written policy regarding use of the credit cards be adopted by resolution.

##### **Recommendation:**

We recommend that the County adopt a policy regarding use of commercial purchase / credit cards that includes all aspects required by the Public Act and Numbered Letter 2-96, as issued by the State Department of Treasury.

#### 5) **Mileage Reimbursement**

Payments made to County employees / officials for mileage reimbursement may represent a taxable event to the individual receiving the reimbursement. In general, reimbursements for mileage from a person's home (or normal place of business) to the Courthouse or other County building for regular employment, meetings, etc. must be reported as additional income by the individual.



## IOSCO COUNTY

### COMMENTS AND RECOMMENDATIONS

---

**Recommendation:**

The County should report payments made to employees / officials for mileage to or from the individual's home (or normal place of business) to the Courthouse or other County building as income to the individual.

Prior to the beginning of the fiscal year (January 1, 2007), the Board of Commissioners approved allowable wages for some employees / officials. With the inclusion of the mileage reimbursement as taxable income, some County employees / officials could possibly be receiving more income than previously approved by the Board of Commissioners. Therefore, we also recommend that the Board either approve a wage increase in those employees / officials that are affected by this or decrease the meeting per diem that is currently being received.